

PD-ABM-730

**USAID/MEXICO
RESULTS REVIEW AND RESOURCE REQUEST (R4)**

FY 1996-1998

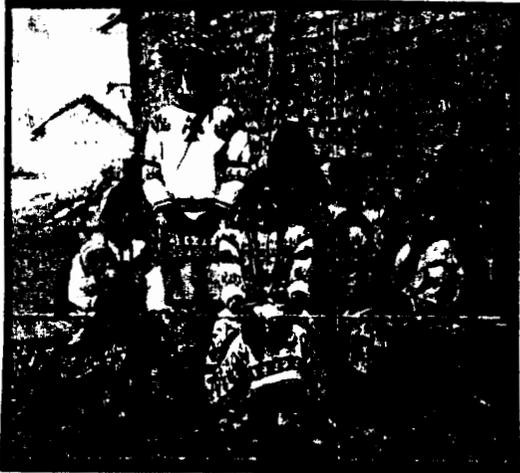
APRIL 1996

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SECTION I

FACTORS AFFECTING USAID/MEXICO'S PROGRAM PERFORMANCE

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Introduction

Mexico is the United States' third largest trading partner, contains the world's 11th largest population (91.6 million), is the most environmentally significant for the U.S., shares a 2,000 mile border with our country, and is the conduit for a large percentage of illegal migrants and illicit drugs entering the U.S. **The U.S. has enormous stakes in Mexico's political stability, environmental quality, growth of democracy, and economic prosperity.** Equally important, the quality of life for millions of Americans, both those in and outside the border states, is potentially impacted by events in Mexico. It is therefore critical that close cooperation and cordial relations be maintained between these two countries, as a broad range of priority issues and problems must continue to be addressed.

Given the fact that Mexico rests on America's doorstep and considering its leadership role among the other Latin American countries, it has (or should have) enormous implications for the LAC Bureau of USAID. If the Zedillo administration's National Recovery Plan and its broad economic, social and political reform program is not successful, the border problems now grabbing national headlines in the U.S. (migration, environmental degradation/pollution/toxic waste and law enforcement/narcotics control) will only be exacerbated. USAID/Mexico, with a highly competent and experienced staff and excellent relations with its development partners, is in a strategic position to continue playing a critical role in brokering and successfully implementing decisive actions that are cost-effective, results-oriented and impact-producing. **USAID/Mexico's physical location within the American Embassy Chancery ensures access to and close coordination with the priorities and programs of the State Department and more than 30 other U.S. Government agencies located therein.**

There are two special factors that have had, and continue to play, a role in our ability to perform:

1. "It's the economy, stupid!"

The Zedillo Administration has initiated a large number of sweeping economic and social reforms. However, the impact of the December, 1994, economic debacle has drastically slowed the implementation of these critical reforms. The effect on USAID/Mexico's S.O. indicators is significant and must be taken into account. As mentioned in other sections of this document, USAID/M is confident that the Mexican economy will rebound within the next 12 to 18 months, and there are already numerous signs of economic recovery taking place.

Many of the reforms proposed by the current administration and approved by the legislature are intended to combat the endemic corruption that has pervaded many sectors of Mexican society for a very long time. These reforms require substantial financial resources if they are to be effective, (e.g. providing living wages to the police). Without sufficient funding at all governmental levels, it becomes an impossible task to effectively combat the corrupting forces within the society. A continued low level of credibility of Mexicans towards their institutions and political leadership, also negatively impacts on our program implementation.

2. A re-birth of anti-American sentiment

Immediately after the December '94 crash, most of the outrage and anger of the Mexican public focused on Salinas and his administration. There was a powerful sentiment of betrayal that was justified and understandable. The USG and the IFIs' bailout efforts were generally perceived as positive by the majority of Mexicans, although there were some sensitivities about holding their patrimony (Mexican oil) as collateral. However, after two and a half years of NAFTA; a stagnating economy; continued high unemployment and underemployment; vitriolic literal and physical attacks on Mexico and Mexicans; a perceived growing anti-Mexican sentiment among many elements of the U.S. public; and a basic human need to find a scapegoat for problems that are beyond our control,

we are beginning to see a **re-birth of anti-American sentiment**. Although USAID/Mexico has not had any specific problem with these concerns, the general climate in which we operate, is beginning to change. Be assured that the Ambassador, the Country Team, and USAID/Mexico are doing everything in their power to mitigate this viewpoint and return to more amicable and collegial relations with the government and people of Mexico.

A. Overview of Progress to Achieve Goals and Strategic Plan

USAID/Mexico is presently an **operating model of a scaled back foreign aid overseas mission, conforming tightly to Agency Director Brian Atwood's new vision of how this Agency's operating units ought to be structured**. Our FY1995 Mission activities, 36 in all, were supported by a budget of \$22 million and managed by a small staff of 14 people. The staff consists of only 2 USDHs, 8 development specialists and 4 support staffers. The development assistance program is targeted mainly to solution of the problems of: (1) legal and regulatory constraints adversely affecting Mexico's ability to implement the North American Free Trade Agreement; (2) global climate change, environmental degradation and related cross-border issues; and (3) unsustainable population growth and related quality of life problems, including the transmission of the AIDS virus.

Since the Agency has classified Mexico as an **Advanced Developing Country (ADC)**, the USAID/Mexico program is not a traditional foreign aid provider, but rather a partnership between the governments and peoples of the U.S. and Mexico. Since there is no bilateral agreement between USAID and the Mexican Government (GOM), and given its limited staff size, the implementation of USAID/Mexico's program is built around the efforts of an extensive network of hundreds of Mexican non-governmental organizations (NGOs) and Mexico/U.S. based development partners (private cooperating agencies).

While other international financial institutions (IFIs) fund large development initiatives, USAID focuses mainly on private partnerships, working in collaboration with public institutions that innovate and transfer technology and model development experiences. Based on lessons learned in the field with our development partners and collaborators, we seek to replicate the successes and avoid repetition of failures, thereby enhancing the benefits to larger numbers of Mexican beneficiaries and institutions.

Where possible, dialogue is initiated with and through our partners to a broad spectrum of Mexican and other donor institutions, in order to address key constraints affecting targeted development sectors and to share proven models that have high potential for replicability. This **approach fosters democratic pluralism** by strengthening private Mexican institutions which are actively involved with local grassroots organizations and which transmit their concerns to local, regional, state and national elected officials and other government officials. Over the long term, we are confident that this "ground-up" empowerment of the people and their institutions will serve as the basis for strengthening democracy and sustaining economic growth in Mexico.

This past year has been particularly difficult, given budget uncertainties and personnel furloughs within the USG and the deep recession that has battered Mexico. Despite these distractions, the staff of USAID/Mexico has remained exceptionally committed to performing their work as professionals, ensuring the activities they administer are targeted for achieving impacts and maximizing the use of scarce resources. Because of this approach to work, progress on each of the SOs and Special Objectives is generally meeting or exceeding expectations.

The filling of our second USDH program/project officer position in October, 1995, has enabled USAID/Mexico to achieve significant advances in: (1) **improved financial management of our portfolio's development activities to establish more realistic needs and timing of funds required**; (2) **resolution of operational or administrative problems that hindered implementation**; (3) **assistance to project officers in prioritizing elements of their programs which had highest prospects of impact**

paybacks and that were most cost-effective in achieving planned SO and IR impacts; (4) reducing existing financial pipelines to manageable levels in cooperation with LAC/DPB and better planning with our Global partners; and (5) enhanced monitoring of program expenditures and more productive audits and financial reviews through improved working relationships with the new Guatemala Controller and his staff.

In addition, USAID/Mexico has made considerable advances in incorporating the Agency's Re-engineering core values into its culture and operations and in disseminating these values to our development partners and collaborators through training workshops and discussions. The twin concepts of "clients" and "quality of services" have existed in the Mexico program since its inception when activities were initiated under the premise of a U.S./Mexico partnership. As the result of the establishment of a Strategic Objective "Core Team" to oversee the planning and implementation of our three SOs and two Special Objectives in Democracy and AIDS, synergies between the different SOs are resulting in better integration of our portfolio and more efficient use of resources on a sustainable basis.

B. Significant Economic, Social and Political Conditions Affecting the Enabling Environment

Over the past year (1995) Mexico has demonstrated solid gains in coping with the **worst economic recession in the past 60 years**. Despite a severe devaluation of the peso against the U.S. dollar (3.5 when the crisis broke in 1994 compared to 7.4 in April, 1996, an inflation rate of 52%, a stagnated economy due to contraction of the labor market and declining domestic consumption of goods and services, there is **general consensus that Mexico is now pulling out of its recession**, that financial markets have stabilized and that investors are again showing positive signs of interest in the country's development and investment opportunities. However, the patient is still running a temperature and close observation and treatment is required, particularly in FY1996.

Changes in Economic Indicators in Mexico

<u>Selected Indicators:</u>	<u>1994</u>	<u>1996</u>
Exchange rate (peso/dollar)	3.3	7.6
Annual inflation	7.1%	48.9%
Interest on 28 day deposits	9.7%	42.3%
National Reserves (millions/dlls.)	25,400	15,800

Some setbacks are likely to occur along Mexico's road to recovery, given the breadth of the reforms underway. Fierce opposition to the political, economic and social changes will continue as the vestiges of favoritism, corruption and lawlessness are dealt with. But there is full expectation that significant economic, social and political gains will be in place by FY1997.

The population of Mexico in 1995 was approximately 91.6 million, and projected to reach 121.8 million in 2020. Roughly 8% of the population is indigenous. The rate of natural population growth has slowed from over 3% in the mid-70's to 1.9% in 1995. Mexico is the second most populated country in all of Latin America, with more inhabitants than the combined population of all the countries in Central America and the Caribbean (60 million). Mexico's population is relatively young: in 1994, 36% was 14 years or under. These demographics create potential problems in terms of the country's capacity to create and sustain sufficient numbers of new jobs to meet its national labor requirements. Between 800,000 - 1,000,000 new jobs are required annually to accommodate new entrants into the workforce.

The quest for better living standards and employment has led to large rural to urban migrations, especially to Mexico City, Monterrey and Guadalajara, as well as in recent times to the northern maquiladora towns located along the U.S./Mexico border. This migration exacerbates already-pressing environmental problems both in the cities as well as in the

countryside. Immigration to the State of Mexico, which surrounds Mexico City, has added more than 400,000 new residents a year for the past decade. Serious economic setbacks have occurred in the Mexican economy over the last 20 years. For example, minimum salaries have not kept pace with price increases. Between 1987 and 1996, the price of the basic workers food basket rose 913% while salaries increased only 249%. This and other factors have pushed or enticed many Mexicans to emigrate to the U.S., some legally and many illegally. This has caused serious social, environmental, economic and political problems between our countries. One response on the U.S. side has been to pass state level legislation such as Proposition 187 which restricts benefits to illegal immigrants. At the federal level, fractious debate has erupted on everything from stopping all immigration to the U.S., legal and illegal, to denying government benefits to legal immigrants.

C. Some Constraints Impeding Program Performance

In very general terms, during 1995, in an internal sense, USAID/Mexico was faced with staffing shortages, furlough problems, lack of reliable information regarding FY1996 resource levels and the need for analysis and re-configuration of several parts of the portfolio, including economic growth and democracy.

The GOM was rocked by a widening and deepening economic recession and a crisis of domestic, and in some sense, international confidence. Controversy over various aspects of NAFTA as well as issues related to Mexico's willingness to cooperate with the U.S. in stanching the flow of drugs through North America, has generated heated and acrimonious debate in both the U.S. and Mexico and has not helped the Mission in efforts to solidify relationships with GOM officials.

The disastrous economic conditions have hamstrung many of our Mexican NGO partners in their efforts to be full participants in various activities. This has been particularly evident in training where participants are required to cost-share, usually by covering their own transportation. Reduced resource levels impact on environment protection/management, running the risk of spiraling economic and illegal migration problems.

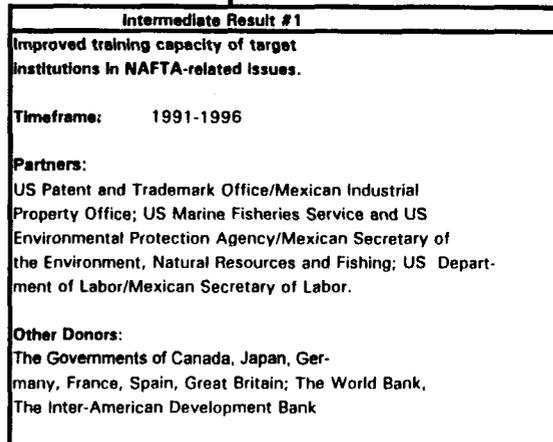
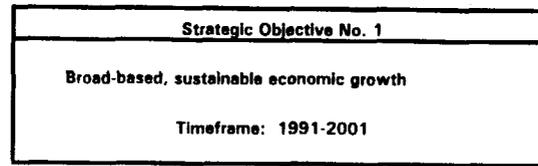
While these constraints have been distracting, demoralizing and generally counter-productive, we believe the adversity has forced us to examine more closely our priorities and to be more creative in the design and implementation of initiatives and activities. The long term outcome will be a stronger USAID/Mexico, able to do a better job for the peoples of both the United States and Mexico.

SECTION II

PROGRESS TOWARD STRATEGIC OBJECTIVES

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RESULTS FRAMEWORK
STRATEGIC OBJECTIVE No. 1

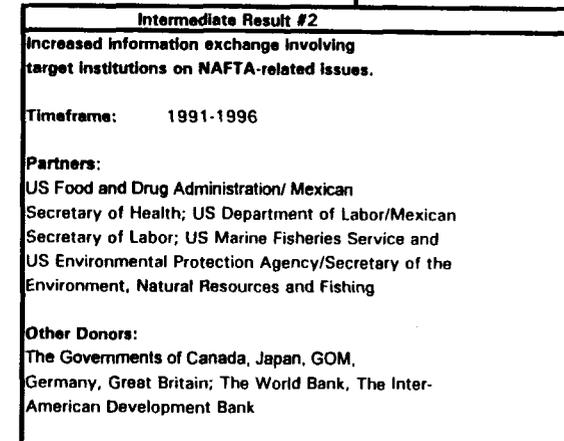


Major Activities:

- Training and Technical Assistance in Patents, Trademarks
- Training and Technical Assistance in Marine Conservation - Turtle Excluder Devices
- Training and Technical Assistance in Development and
- Training of Trainers Courses

Critical Assumptions:

1. North American Free Trade Treaty will pass
2. Mexico can benefit from NAFTA
3. US training and technical assistance will help GOM implement NAFTA provisions more rapidly
4. A healthy Mexican economy will benefit US



Major Activities:

- Study on projected institutional capacity of Mexican Industrial Property Office
- Development of emissions inventory methodology/ technical manuals
- Conferences with US counterparts and academicians
- Publications

Critical Assumptions:

1. Knowledge of baseline conditions is critical
2. Proper and consistent research methodology is critical
3. Adequate/correct information is required for strategic planning
4. Increasing the body of knowledge benefits the GOM and the USG

A. Strategic Objective No. 1: Improved performance of target institutions in selected legal/regulatory areas related to the NAFTA

1. The Results Framework

USAID/MEXICO's Strategic Objective No. (SO No. 1) fosters broad-based sustainable economic growth in Mexico and throughout the hemisphere by supporting the Agency's Goal of Encouraging Broad-Based Economic Growth. In addition, activities under this SO undergird Global and LAC Regional SO No. 1: Resolution of key issues impeding environmentally sound and equitable free trade in the hemisphere; as well as SO No. 2: Constraints to access to key factor markets reduced for small businesses (small entrepreneurs, small agricultural producers and microenterprises.

Strengthening Mexico's ability to fully avail itself of the economic benefits of NAFTA facilitates Mexico's access to US goods and services, and it reduces the flow of illegal immigration to the US as Mexican citizens are able to earn a living wage in their own country as a result of job growth and wage increases from foreign investment.

The activities under this SO have strengthened Mexican governmental institutions which have responsibility for implementation and oversight of NAFTA's provisions. This has been done through training, technical assistance and exchanges with US counterpart institutions. Working through US counterparts allows USAID/Mexico to make available world-class experts in various technical areas such as patents and trademarks, environmental strategies, marine conservation and other similarly complex fields.

The current institutional strengthening thrust of SO No. 1 is almost complete and should be basically phased out by the end of the calendar year. Clearly, however, this does not trumpet the arrival of sustainable, broad-based economic growth in Mexico. The economic crisis which began in December of 1994 continues, in the opinions of some experts not only unabated, but widening and deepening even as this is written. It is now apparent that the prosperity ushered in during the presidential administration of Salinas de Gortari, while perhaps not entirely built on a foundation of sand, was much more fragile than it appeared to the rest of the world.

USAID/Mexico anticipates conducting an analysis in this sector and developing a new initiative which will be more directly linked to sustainability at a variety of socioeconomic levels. This is good public policy and good business for both Mexico and the United States. The U.S. Department of Commerce, International Trade Administration, NAFTA Office, stated in a paper prepared February 28, 1996:

"NAFTA appears to have helped Mexico capture a larger share of the U.S. import market. U.S. imports from Mexico grew twice as fast as total U.S. imports in 1995. ... U.S. imports from Mexico that benefit from NAFTA's tariff reductions typically utilize a substantial amount of U.S. components. ... Thus, a shift in the sourcing of U.S. imports from Mexico tends to benefit the United States, as imports from Mexico incorporate more U.S. inputs and Mexican purchasers have a higher propensity to buy U.S. goods and services. ..."

2. Summary/Analysis of Data

a. Progress toward SO

SO No. 1, as it is currently defined - "improved performance of target institutions in selected legal/regulatory areas related to the NAFTA" - is nearing completion. The fact that all three of the highest level indicators were achieved at least one year prior to the respective targets and within budget constraints is remarkable testimony to the success of this SO. Capacitating governmental institutions in Mexico means that they will be better able to serve individuals and companies doing business under NAFTA's provisions. **Weighing of indicators:** Each of the seasoned PASA activities under SO No. 1 has met the high level indicator targets, ahead of schedule and under budget. To

declare that one activity (which is the action element measured by the indicator) contributed more than another to the achievement of the SO is impossible under these universally high performance conditions. Suffice it to say that each activity contributed equally and that each was critical (rating of 3) to the achievement of the result. **Generating the SO score:** Clearly the interim results of SO No. 1 have been met or exceeded. This was done more rapidly than projected and with less money. Under these circumstances, a fair rating would be 4-5.

The most recently initiated activity involves the provision of technical assistance to the GOM in fomenting the **development of a securitized secondary mortgage market**. For many decades, demand for housing finance has exceeded the ability and willingness of Mexico's public and private financial institutions to meet the need. Properly developed and tightly controlled secondary mortgage market operations could result in massive in-flows of capital both from within and outside of Mexico. Housing development is accompanied by high multiplier (4:1) effects in the economy as home buyers have need for appliances, furnishings, tools and a whole plethora of household goods. The potential of this project to stimulate economic recovery is very great, but we must wait for hard data as the project only began at the end of September, 1995.

b. Progress toward Intermediate Result No. 1: Improved training capacity of target institutions in NAFTA- related issues

Number of trainers in the target institutions trained

In 1995, a total of 102 trainers were trained, exceeding the target by 2%. Train the trainer activities provide a solid foundation for institutions to become "learning organizations." Training comes to be viewed as the province of not just an elite few, but of many. It helps organizations become much more self-sufficient and preserve institutional memory and skills which are often lost with key staff turnover.

A very interesting outcome of training trainers has occurred under each of the three PASAs which have indicators to measure the progress toward interim results. Mexican specialists from the National Institute of Fishing (Instituto Nacional de Pesca) went to Nicaragua to train specialists from that country in the use of turtle excluder devices (TEDs). Mexican trainers from the Mexican Industrial Property Office (Instituto Mexicano de Propiedad Industrial - IMPI) have undertaken an initiative to train Chilean counterparts in patent examination and intellectual property rights. And an EPA training and reference manual, Recognition and Management of Pesticide Poisonings, published in Spanish, will be distributed to 5,000 organizations in Mexico and also will be offered to other Spanish speaking countries in the hemisphere.

Patent Applications
Statistics from IMPI, Mexican counterpart to the United States Patent and Trademark Office (USPTO), reveal that 62% of all current patent applications are filed by U.S. interests. In 1994, with U.S. technical assistance, IMPI eliminated an 8-11 year backlog of patent applications, resulting in the issuance of over 10,000 patents to U.S. interests! This has truly been a symbiotic relationship for both countries.

These examples highlight the possibilities for leveraging impact beyond the original anticipated results of the PASA activities. There is an additional value in that transmitting information in this manner will create greater industry-wide standardization of practices.

Number of training courses developed for the target institutions

The dollars spent on training have had very high benefit to cost. Some of the world's premier experts in the relevant technical areas are employed by US Government counterpart agencies. It is these scientists, researchers and practitioners who have developed tailor-made curricula in patents and trademarks, intellectual property rights protection and enforcement; pollution and other environmental hazard abatement; marine conservation; nutrition and labeling standards; workplace

safety as well as in other NAFTA-related fields.

One of the goals of the **National Marine Fisheries Service (NMFS) PASA** was to achieve 100% compliance by Mexican shrimping fleets in the use of TEDs. This was accomplished a year ahead of schedule. TED use was initially only mandated in the Gulf of Mexico, but training took place both in the Gulf and on the Pacific coast. As of May 1, 1996, the GOM will require TED use in the Pacific as well. The environmental impact of TED usage is obvious: conservation of marine resources. The economic importance of this training, although perhaps less apparent, at first, is highly significant to both Mexico and the United States. The market value of the annual Mexican shrimp harvest is \$600 - \$900 million, with approximately 50% exported to the United States. These exports would almost certainly be barred in the GOM failed to enforce TED compliance.

Another problem associated with shrimping is that of bi-catch - the unintended harvest of immature fish along with the shrimp. Once again, this issue is fraught with controversy because the waste factor is very high. In 1995, Mexico harvested approximately 70 metric tons of shrimp. The bi-catch ranges anywhere from 5 to 10 times the shrimp catch! This means that the astounding sum of between 350,000 and 700,000 metric tons of baby fish were caught (along with the shrimp) and just dumped back overboard! Since the majority of the bi-catch do not survive the harvest and dumping back, this is a monumental waste of marine resources. It is estimated by NMFS that if the bi-catch could grow to maturity, that part of the harvest alone would exceed the market value of the shrimp. So it is easy to understand why this is such an explosive issue. NMFS has committed to providing follow-on training in bi-catch reduction to the Mexicans.

The training, which is tentatively scheduled at the NMFS Southeastern Center in Pascagoula, MS. this summer, will be funded by NMFS and the GOM. It is anticipated that significant additional training and technical assistance will be required to reduce bi-catch to acceptable levels. Toward this end, it is possible that USAID/Mexico will support a GOM request for additional training in this area.

The highest level indicator measuring progress in the Environmental Protection Agency (EPA) - Secretary of the Environment, Natural Resources and Fishing (SEMARNAP) has been sustained for the second year running, providing data for the efficacy of EPA training and good faith of the GOM in abating pollution. A very positive professional relationship has developed between officials of the two agencies, and this bodes well for future cooperative efforts.

c. Progress toward Intermediate Result No. 2: Increased information exchange involving target institutions on NAFTA-related issues

Issues on which a major study involving information exchange has been completed.

One of the most important outcomes of training is to develop institutional capability by increasing the knowledge and skills of employees. A corollary to this is understanding times when outsourcing of skills is more cost effective. In 1994 - 1995, the USPTO studied the existing and projected future capabilities of IMPI and determined that for certain types of super-technical, highly complex applications, it would be more efficient for USPTO to process those on behalf of Mexico. The fees are paid by the patent applicant, so this creates no additional cost to either the U.S. or GOM and it frees up IMPI staff to focus on areas where their skills can be better utilized.

The EPA provided technical assistance to the GOM in the development of an emissions inventory methodology. This activity resulted in the publication of a series of technical manuals to be used by the National Autonomous University of Mexico (UNAM) to categorize air emissions and development of appropriate control strategies. The EPA conducted a study and workshop on baseline indicators for the U.S. -Mexico border. The workshop brought together approximately 50 different organizations to highlight the need for identifying environmental indicators for the border area, to provide information on available data sources and better ways of making data available to government and private individuals on both sides of the border for environmental decision-making.

Both the EPA and NMFS PASA activities will lead to continuing relationships between these agencies and Mexican counterparts. In the case of EPA - SEMARNAP, extensive future collaboration is planned. The "Border 21" initiative, an offshoot of the current project, will result in the development of joint five year rolling plans for a 100 kilometer zone on each side of the U.S.- Mexico border. It is envisioned that development of these plans will require intensive public involvement, which furthers the cause of citizen participation as well.

Number of conferences held involving the target institutions.

The USPTO held its 18th annual Patent and Trademark Depository Library (PTDL) Conference which focused on on-line searching of technological data bases. Archivists from countries around the world attend this conference which includes a number of training workshops as well. The opportunity for technical staff to interact and develop a network is excellent. The 19th annual PTDL conference is scheduled for the spring of 1996 and will include training on electronic access to USPTO data; patent search workshops, trademark search workshops, internet availability of data and in-depth concentration on new software enhancements.

A tri-national conference on voluntary compliance and environmental auditing was attended by more than 200 participants from Mexico, the EPA, Environment Canada and the North American Commission on Environmental Cooperation. One component of the conference involved practical training in conducting environmental compliance auditing and pollution prevention assessments, both of which are important alternatives to more costly enforcement inspections and plant closures. A conference on environmental health issues is scheduled this spring in Mexico City. This session will be of special interest to Mexican health and agricultural officials.

3. Microenterprise

Although microenterprise is a Special Objective (formerly known as Cross-Cutting Objectives or Targets of Opportunity), we are reporting on this activity under Economic Growth, as in reality, it is part of a continuum of business from the very small to very large.

USAID/Mexico is supporting one microenterprise project which is operational in the State of Oaxaca. Although originally intended to provide assistance in the State of Chiapas as well, this has not yet come to pass. The project began in September of 1994 and has been extended through June 30, 1996. A variety of events have occurred during the pendency of the project which have made it exceedingly difficult to meet targets. First, the insurrection in the State of Chiapas has continued and the very poorest areas like San Cristobal de las Casas, which were originally targeted for assistance, are not considered sufficiently safe for the grantee's staff to set up operations. Hence, the work has been concentrated in the State of Oaxaca, where the grantee, ADMIC NACIONAL, A.C., has opened up three new offices. As of the end of 1995, they had generated 11 new businesses and 91 jobs.

A great deal of energy has gone into restructuring credits. The financial free-fall which began in Mexico in December of 1994, has continued to thwart efforts at starting up new businesses. Interest rates are still remaining at very high levels (43%-46%) and inflation rocketed to 52% in 1995. Perhaps an even more sinister side effect of the economic crisis has been the psychological straight jackets people seem to feel. Essentially, those with even a tiny subsistence income are likely to prefer living with an inadequate but known amount than to start or expand a business.

It is important to add that ADMIC is not new to the microenterprise field. This organization began in 1979 in Monterrey and as of mid-1994, had 31 offices located in 24 cities in Mexico. ADMIC continues to push forward, but results are achieved at a much slower rate than anticipated at the inception of this grant. Future microenterprise projects will be managed as a part of economic growth.

4. Customer focus

The training and technical assistance delivered under the various PASAs has been highly customer-oriented, with most of the courses designed specifically for the counterpart institutions. Every effort is made to train and to provide written materials in Spanish. While USAID/Mexico is just now undertaking customer service surveys, the US counterpart training evaluations done by Mexican participants have uniformly revealed a high level of satisfaction with the services.

The PASA customer-beneficiaries are requested to make continuous input on training and technical assistance priorities. As needs change, so do training plans. By way of illustration, the area of intellectual property rights (IPR) has become a "hot-button" political and economic issue in the United States. In 1994 the U.S. Congress passed a law requiring that USAID take a leadership role in providing IPR training to host governments. Even prior to this, the GOM had expressed concern over IPR and plans were made to expand the scope of work of the PASA to include this important subject.

5. Participation with partners and other donors

The original broad-based economic growth strategy was designed five years ago in anticipation of the ultimate passage of NAFTA. Together with USAID/Mexico, representatives from Mexican and U.S. Departments of Labor, Environmental Protection Agency, Food and Drug Administration, Department of Commerce - USPTO and NOAA - National Marine Fisheries Services were consulted, among other issues, on the need for services, priorities, political sensitivities, funding and time constraints, desired outcomes and long term impacts.

The Embassy Country Team has also provided valuable insights and has helped develop fruitful contacts. The ECON, FOREIGN COMMERCIAL SERVICE and SCIENCE sections have been particularly active in this regard. Ambassador James R. Jones has taken a keen interest in USAID/Mexico's economic growth activities and brings a wealth of experience to the team as a former congressman from the State of Oklahoma, a past President of the American Stock Exchange, and a licensed attorney who has practiced business law.

Major donors include the Inter-American Development Bank (IDB), the Ford Foundation, World Bank, Kellogg Foundation, United Nations Development Programme, the Overseas Development Authority, the Governments of Japan and Spain along with a host of other country and institutional donors are contributing smaller amounts of money. The exception is the IDB which is providing a \$500 million loan for microenterprise development.

6. Gender issues

The institution-to-institution nature of the current economic growth projects has not lent itself to disaggregation of many statistics. In each PASA, however, women officials in the GOM have played substantial and high profile roles. In 1995, among IMPI officials attending training courses in the U.S., at the USPTO, 62% were women.

Studies done on labor policies and practices have contained some gender specificity, particularly as it relates to the informal economy. The upcoming collaboration between EPA and SMARNyP promises to stimulate plenty of public debate on environmental risks to maternal and child health in the border zones.

And, of course, there have been derivative benefits to women and children from among the various projects. Specifically, while almost 100% of Mexico's shrimping fleet is comprised of men and boys, a large cohort of women and girls participates in the family business once the catch is brought to shore. Substantial harvests and the ability to export results in economic benefit to the entire family, including the female members.

7. Next year's expectations

SO No. 1 has substantially been completed as targets set for selected institutions have been met and sustained, in each case for over a year. Although a few activities directed toward institutional strengthening will continue into FY1997, it is USAID/Mexico's intention to shift gears to an approach which will be more consistent with articulated needs of Mexico and with expected funding levels.

Toward this end, it is expected that support for economic growth will be addressed in projects which will strengthen democracy in Mexico. The critical assumption here is that until democratic reforms are more solidly in place and have survived the test of time, long term and sustainable investment will not occur. This hypothesis was echoed recently in the New York Times in which an editorial observed:

Mexico has learned some hard lessons from the Salinas episode; Washington must learn the same lessons. Supporting economic reforms in countries like Mexico obviously makes sense. But to do so uncritically, without paying attention to political reform, does not serve our interests or theirs.

This approach is also consistent with advice in paragraph 2. of the 1995 DAEC cable which stated: "The USAID Representative advocated a modified program structure to respond more effectively to the present economic crisis and ongoing changes in Mexico. Such an arrangement would retain a structured program of strategic objectives in the areas of environment and population, while allowing the Mission flexibility to create small-scale targets of opportunity in the areas of Democracy and Economic Growth. This approach would signify a partial return to the LAC Bureau's Advanced Developing Country approach of past years, which permitted more developed country missions to respond to critical issues with small-scale, catalytic interventions. The AA/LAC considered that such an approach could be appropriate in dealing with Mexico's current economic crisis and needs for support in Democracy."

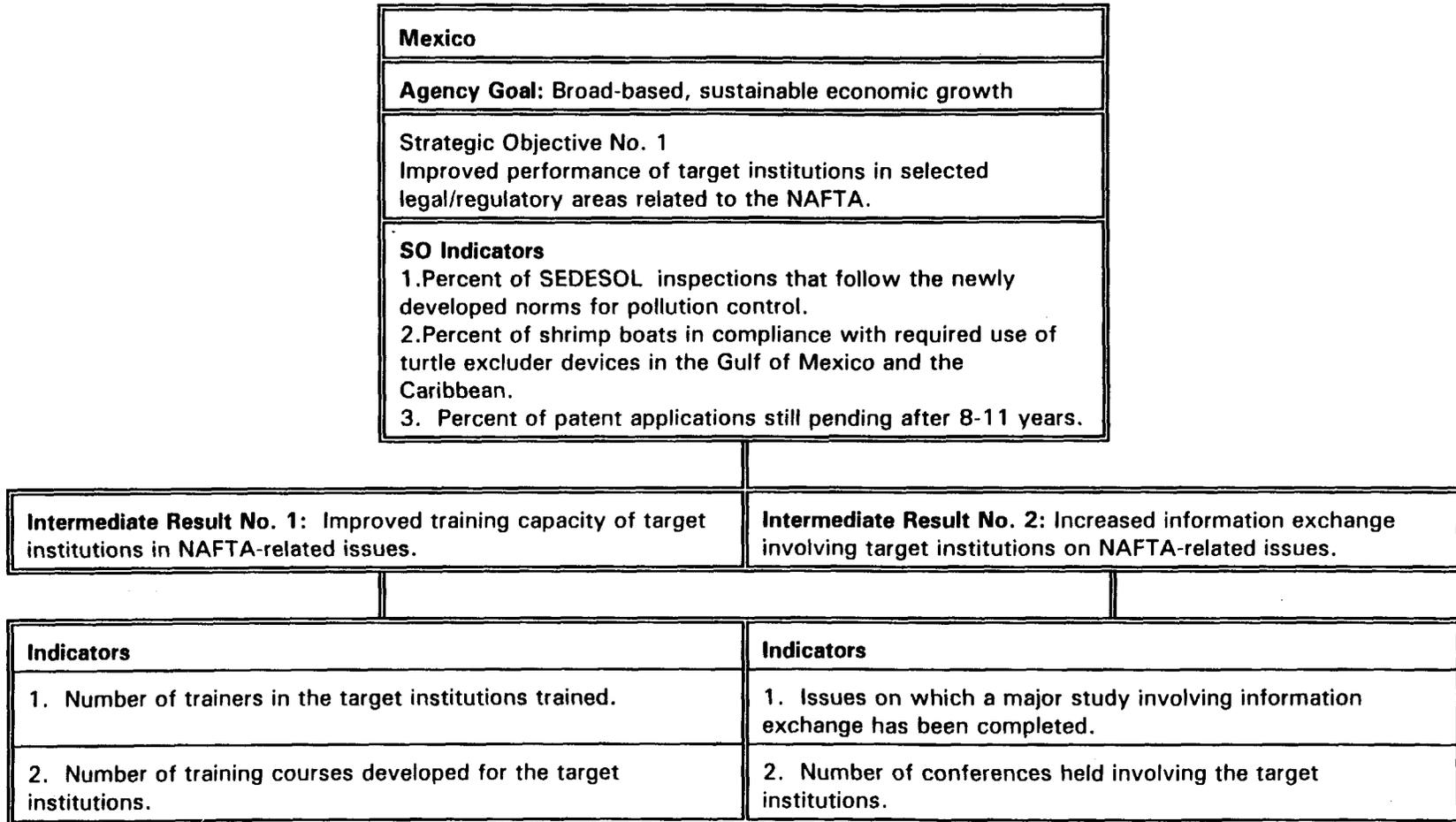
8. Summit of the Americas

The activities supported under Economic Growth have a very tight fit with the Summit Plan of Action, Section II, Promoting Prosperity Through Economic Integration and Free Trade. Specifically, our technology transfer program has been designed to capacitate specific GOM institutions and agencies to enable them to rapidly become full partners in the NAFTA. We have sought to upgrade skills, to train counterparts in state of the art technology, to assist in analyzing areas where non-compliance with new regulations would create trade barriers and generally to expand the body of knowledge through studies and research in areas of common concern. Projects have focused on the observance and promotion of worker rights and workplace safety, protection of intellectual property rights, pollution control and abatement, nutrition and labeling standards and assuring consistency in the phyto-sanitary requirements of the U.S., Mexico and Canada.

Economic growth without democracy will fail the test of time. The Summit Declaration states: "Democracy and development reinforce one another." Toward that end, USAID/Mexico is continuing to work with the GOM, non-governmental organizations and the private sector to encourage legislative and judicial exchanges and to support the current climate of reform.

USAID/Mexico's past, present and projected activities are strongly supportive of, and highly correlated with, the Declaration of Principles of the Summit of the Americas.

Strategic Objective No. 1 Program Tree



Mexico				
Strategic Objective No.1: Improved performance of target institutions in selected legal/regulatory areas related to the NAFTA.				
Indicator: Percent of SEDESOL (Now SEMARNAP) inspections that follow newly developed norms for industrial pollution control.				
Unit: Percent		Year	Planned	Actual
Source: EPA in conjunction with SEMARNAP (formerly SEDESOL)	Baseline	1992-93	75%	99%
Comments: This indicator was successfully achieved one year ahead of schedule. A check with the Embassy's Environmental Attache on 3/12/96 indicates that the 100% level of compliance is being sustained. The activities under the PASA will be completed at the end of March, 1996. The relationship developed as a result of cooperative efforts under this PASA have been translated into the Border 21 Initiative, a long term , joint USEPA - GOM strategy to holistically address the seemingly intractable issue of border pollution.		1994	100%	Data unavail.
		1995	100%	100%
	Target	1996	100%	
Indicator: Percent of shrimp boats in compliance with required use of turtle excluder devices in the Gulf of Mexico and the Caribbean.				
Unit: Percent		Year	Planned	Actual
Source: Embassy Science Office, U.S. NMFS, Southeast and Southwest Regions.	Baseline	1993	30-50%	45%
Comments: This indicator was successfully achieved a year ahead of schedule. Shrimping in Mexico is a multi-million dollar industry, providing employment for thousands of individuals. Mexico's compliance with requirements on use of TEDS has allowed the fleets to protect the environment, while simultaneously maintaining harvest productivity.		1994	100%	100%
	Target	1995	100%	100%

Mexico				
Strategic Objective No.1: Improved performance of target institutions in selected legal/regulatory areas related to the NAFTA.				
Indicator: Percent of patent applications still pending after 8-11 years.				
Unit: Percent		Year	Planned	Actual
Source:USPTO in conjunction with MIPO	Baseline	1992		4.0%
		1993		2.5
<p>Comments: This indicator was successfully achieved one year ahead of schedule. The economic impact from this project has been felt in both the U.S. and Mexico as over 10,000 patents were issued to U.S. interests out of the backlog, and the GOM has generated revenue from patent activities as well as from increased efficiency of the patent application processing system</p> <p>U.S. interests currently account for an annual average of 62% of all patent applications to the GOM. Activities under the PASA will conclude 12/31/96, but the economic benefits of institutional strengthening of the Mexican Industrial Property Office will endure.</p>		1994	1.5%	0%
		1995	0%	0%
	Target	1996	0%	

B. Special Objective: Democracy

Democracy is USAID/Mexico's newest area of activity. Since it was begun initially in 1994, in response to the Presidential Election scheduled for August of that year, **the early concentration was on fielding election observers throughout the country.** The U.S. was joined by many other countries, including Great Britain, Spain, Argentina, the Philippines as well as delegations from international organizations such as The United Nations and U.S. national groups such as NDI and IRI. The result was a **national election** which, although not totally free of controversy, was widely **acknowledged to have been the fairest and freest election in the history of Mexico.**

USAID/Mexico brought democracy activities into the portfolio as a target of opportunity in 1995. Several factors shaped this decision. First, only a small amount of money was available beyond the election activities, funding for which came from USAID/Washington and many other groups. Secondly, due to the politically sensitive nature of democracy projects, it was felt it would be more appropriate to keep the activities relegated to a low profile.

A number of USAID/Mexico contacts with both governmental and non-governmental officials have highlighted the fact that Mexicans welcome help in their transition to a full democracy. This is not to say that they want the USG to play an up-front role or to lead the effort, but rather that financial and selective technical assistance is appreciated. It is imperative that the USG support Mexico's desire to move away from the hegemony of a one party system to a true democracy.

As a target of opportunity, democracy activities were not originally designed with measurable criteria. Therefore, we are reporting on them as more pluralistic, both process activities as well as efforts which have lead to an identifiable product. The activities which were pursued from 1994-1995 include: (1) **the election observations of 1994**; (2) **funding of Tri-Lateral Roundtables** (US, Mexico and Canada) to allow parliamentarians to discuss issues related to human rights in their countries; training for parliamentarians and staff in the use of Internet and accessing of information on democracies throughout the world; (3) **analysis of the portrayal of women by the Mexican mass media** and the correlation with women's ability to participate in the political process; (4) **campaign monitoring/election observation** in the states of Chiapas, Michoacán, Puebla, Oaxaca and Tlaxcala; and (5) sponsorship of participants to a variety of conferences, workshops and seminars on issues such as alternate dispute resolution (ADR); legal services for the poor; legislative drafting; pretrial detention; and crime, corruption and the administration of justice.

The **Internet/global democracy project** has trained over 100 parliamentarians and staff in the use of Internet and has conducted two Tri-Lateral Roundtables, with a third session scheduled for May, 1996.

The **Women in the Media** project has held public fora in which opinion leaders, researchers and media specialists, together with members of the Chamber of Deputies discussed the current conditions and what changes would enable women to more fully participate in the political process; they have held a press conference to inform the general public of their activities and that they will be presenting a proposal for the reform of the Federal Law of Radio and Television to the Special Commission on Social Communication of the Chamber of Deputies. This reform proposal will be presented in May, 1996.

The **Alianza Cívica (AC)** conducted campaign and election monitoring and parallel vote tabulations in 5 states; in partnership with its state affiliates, the AC conducted a public awareness campaign on vote-buying, voter coercion and use of government resources to support candidates. Just in the state of Chiapas, they mobilized over 500 volunteers. The AC produced its own materials which were tailored to the needs of the state AC chapters. The AC has performed an evaluation of election observation programs to determine relative effectiveness and necessary modifications for 1996 and 1997; the AC held a national forum in Saltillo, Coahuila, on the need for election reform, providing hundreds of citizens the opportunity to give voice to various proposals; the AC is in the process of holding a strategic planning session to determine future directions in working with their state affiliates.

The **National Center for State Courts (NCSC)** is in the process of coordinating the development of an ADR curriculum for the Instituto Técnico Autónomo de México (ITAM) University Law School. NCSC has sponsored a series of conferences on ADR, pretrial detention, legal services to the poor and is preparing for a judicial reform roundtable in May of 1996.

USAID/Mexico sponsored a participant to the prestigious **Legislative Drafting Institute** at Tulane's Public Law Center in New Orleans and future plans include fielding participants to conferences, seminars and exchanges, primarily in the field of administration of justice and rule of law.

USAID/Mexico anticipates beginning an **analysis of the democracy sector** in order to develop a more strategically targeted program which addresses both NGO and GOM needs. At this juncture, we believe that important areas for support will be administration of justice/rule of law initiatives, particularly those related to reform proposals such as anti-corruption. Because investor confidence, both international and domestic, hinges on how clean or dirty a political system is perceived to be, it is crucial to sustainable economic growth of Mexico that the reforms succeed. Supporting such initiatives will allow us to address both democracy and economic development in a holistic context.

**RESULTS FRAMEWORK*
STRATEGIC OBJECTIVE #2**

Strategic Objective #2
Environmentally sound natural resource and energy use increased.
Timeframe: 1990-1996

Intermediate Result #1
Adoption of renewable energy and energy efficient technologies and practices
Timeframe: 1992-2005
Partners:
CONAE, CFE, FIDE, CRE, IIE, UNAM-PUE, ANES, FIRCO, FECIC, ATPAE, Several State Governments (Sonora, Chihuahua, Baja California, Quintana Roo, Veracruz, Chiapas)
Other Donors:
World Bank, Inter-American Development Bank, CFE, DOE, Commission on Environmental Cooperation, Global Environmental Facility

Major Activities:

- EP3
- ETIP/Manzanillo Retrofit
- EEP (12 activities including DSM/IRP)
- ETP
- IME
- REAT/EEAF
- Sustainable Cities (Monterrey and Ciudad Juárez)

Critical Assumptions:

1. Economic recovery yielding a stable development platform
2. Social-economic recovery leading to increased energy demand
3. Continued GOM support for renewable energy technologies, especially in rural electrification
4. Continued GOM support to privatization in the energy sector.

CONAE: National Energy Savings Commission
CFE: Federal Electric Commission
FIDE: Energy Savings Program
CRE: Energy Regulatory Commission
IIE: Electric Research Institute
UNAM-PUE: Energy University (UNAM) Program
ANES: Solar Energy Association
FIRCO: Shared Risk Trust Fund
FECIC: Civil Engineers Federation
ATPAE: Energy Savings Association
DOE: Department of Energy
JI: Joint Implementation

Intermediate Result #2
Improved management of protected areas and their buffer zones.
Timeframe: 1990-2002
Partners:
The Nature Conservancy, POA, Biodiversity Support Program, World Wildlife Fund, Conservation International, Ecosolar, PRONATURA
Other Donors:
MacArthur Foundation, Global Environmental Facility, US Fish and Wildlife Service, CONABIO, State Governments, Ford Foundation

Major Activities:

- Parks in Peril Program
- SE and Northern Mexico Ecodevelopment
- Montes Azules Management
- Mexico Youth Conservation Corps
- Mazunte Miracle

Critical Assumptions:

1. No major, natural disasters that contribute to deforestation
2. Social stability on the Mexico/Guatemala border
3. SEMARNAP institutional stability
4. Economic recovery yielding a stable development platform

CONABIO: National Biodiversity Commission
SEMARNAP: Secretariat of Environment, Natural Resources, and Fisheries
ECOSOLAR: Mex. Conservation NGO
PRONATURA: Mex. Conservation NGO

Intermediate Result #3
Improved Mexican non-governmental and private sector institutional capacity for preservation and wise use of biodiversity.
Timeframe: 1990-2006
Partners:
Mexican Nature Conservation Fund, Pronatura Mexico, CONABIO, The Nature Conservancy, World Wildlife Fund, Conservation International
Other Donors:
Government of Mexico, World Bank, GEF, IDB, USFWS, USNPS, USFS, NFWF, MacArthur Foundation, Ford Foundation

Major Activities:

- Establishment/development/strengthening FMCN and private sector organizations working in BDC
- Support for NGOs
- Partners in Flight/Neotropical Migratory Bird Preservation

Critical Assumptions:

1. Economic and social stability
2. No major natural disasters that destroy widespread biological resources
3. Continued GOM support for BDC
4. Economic recovery yielding a stable development

FMCN: Mexico Nature Conservation Fund
USFWS: U.S. Fish and Wildlife Service
USNPS: U.S. National Parks Service
USFS: U.S. Forest Service
NFWF: National Fish and Wildlife Federation

* Proposed updates in program are indicated in italics.

C. Strategic Objective No. 2: Environmentally Sound Natural Resource and Energy Use Increased

1. The Results Framework

Because of the key role the environment plays in the development of Mexico, especially as a foundation for economic growth sustainability and a motor for trade and development, Strategic Objective No. 2--*environmentally sound natural resource and energy use increased*--continues to grow in importance as sustainable growth is being more clearly recognized as critical to Mexico's future (see Results Framework, SO No. 2). The SO currently focuses on three sectors of global and regional significance: renewable energy/energy efficiency, forest protection, and biodiversity conservation. Because of the changing landscape of the environmental sector in Mexico, and the changing funding climate for foreign assistance in the U.S. government, the Mission began in January, 1996 an activity to update its 1989 environmental strategy. The strategy exercise, currently underway with completion scheduled for June, 1996, is specifically addressing how USAID can make the best use of scarce resources by complementing activities of other donors, by making best use of USAID's own development capacity, and by targeting the most critical issues in the Mexican environmental sector. Specific recommendations of the strategy exercise are outlined in Section III. Currently, there are three Intermediate Results (IRs) under SO No. 2.

IR No. 1, energy efficiency and renewable energy, has four main components. The *energy efficiency component* is implemented by the Energy Efficiency Project (G/ENV/EET/EEP). The project focuses on developing long-term policies and projects that will reduce carbon dioxide emissions in Mexico. It assists Mexican organizations, such as FIDE, CONAE, IIE, CFE, CANACINTRA, and IMP (see Results Framework for key to acronyms), to implement cost-shared pilot projects within their ongoing development programs. Specific pilot programs include industrial motor system efficiency, high efficiency lighting in residential sector, and design of national-scale, demand-side management project based on incentives and rebates.

The *renewable energy component*, funded jointly by USAID/Mexico and the Department of Energy (DOE), focuses on demonstrating the feasibility of renewable energy technologies, both to reduce carbon dioxide emissions and to enhance market opportunities for U.S. industry. Implementors are the National Renewable Energy Laboratory (NRE), the National Rural Electric Cooperative Association, New Mexico State University's Southwest Technology Development Institute, Dyncorp EENSP, and Enersol Associates. The program provides productive applications of renewable energy technologies, primarily photovoltaics and wind, in ongoing development projects in rural areas. Examples include water pumping for agriculture, power for light industrial activities such as grain milling or woodworking, and refrigeration or ice making for fishing enterprises.

The *technology innovation and support to the private sector component* develops innovative energy solutions for sustainable, environmentally-sound development. Developed by ETIP and PSED projects under G/ENV/EET, the component's main activities include the support to the regulatory reform process in Mexico, retrofit of air pollution controls in a CFE plant, support the characterization of trans-border regulatory process between Mexico and U.S., and feasibility studies for landfill gas recovery and cogeneration plants.

The *energy training component* is managed by the Institute of International Education (IIE). It trains energy professionals from developing countries in how best to locate, utilize, and manage their energy resources. Energy training programs include environmental policy, air pollution monitoring, energy planning, petroleum management, energy conservation, and human resource development.

IR No. 2, management of protected areas and buffer zones, activities focus on improving the management of protected areas and their buffer zones. Most of the programs are managed by major conservation organizations (The Nature Conservancy, the Biodiversity Support Program, the World Wildlife Fund, Conservation International, and Pronatura/Mexico), which supply at least 50% of counterpart funding from a variety of donors. An integral component is collaboration with competent, local Mexican partner organizations based in the areas in which we have activities. The *Parks in Peril program* (PiP) of The Nature Conservancy (TNC) strengthens protected area

infrastructure and management, and implements community development and education activities in areas around seven protected areas in southern Mexico. A debt-for-nature swap through Conservation International (CI) helps to fund the *Management Program for the Selva Lacandona/Montes Azules Biosphere Reserve* in Chiapas. CI focuses on many aspects of protected area and buffer zone management, focusing on community development and alternative, environmentally-sustainable livelihoods in buffer areas and communities near the protected area, but also assisting with infrastructure development and management of the core area, itself. The *Southern Mexico Ecodevelopment* program is implemented by the Biodiversity Support Program, through World Wildlife Fund/Mexico (WWF) and its local partners. It has activities in four southern-Mexico protected areas, complementing PiP activities in three of these areas. WWF focuses on sustainable, environmentally sound economic activities in communities near protected areas. Adoption of these activities decreases deforestation and other non-sustainable uses of forests. A variety of "support activities" also contribute to conservation of the environment, including policy studies, environmental education, a demonstration of community management of a southern watershed, and community-based coastal zone management.

IR No. 3's, improved Mexican NGO institutional capacity, major activity is establishment of the Mexican Nature Conservation Fund, an "endowment" to fund biodiversity-conservation in Mexico. This work is and will continue to be coordinated closely with CONABIO, SEMARNAP, and other organizations working in biodiversity conservation in Mexico. Groundwork for the establishment of the fund began two years ago. Capitalization of the Fund has just begun, and specific directions will evolve as the endowment increases and as early activities begin to produce results to help steer the Fund with the authority of experience.

2. Summary/Analysis of the Data

Performance Summary: As of March 29, 1996, the following progress towards SO No. 2 indicators was found (see Strategic Objective Tree--SO No. 2): For IR No. 1, *Adoption of Renewable Energy and Energy Efficient Technologies and Practices*, Indicators 1 and 2 substantially exceeded their challenging targets. Indicator 3 showed satisfactory to partially met performance. In this last case, the Mission feels that the lower level of achievement is more due to unrealistically high targets than to under-performance. The DOE/Sandia Renewables program is an exemplary project that is performing far above Mission expectations, and for which the Mission is already seeking Phase II funding. For IR No. 2, *Improved Management of Protected Areas and their Buffer Zones*, all three indicators are performing at 100% of their objectives. Similarly, IR No. 3, *Improved Mexican Non-Governmental Institutional Capacity for Preservation of Biodiversity*, has met its planned levels for all three indicators. Of special importance is the fact that despite the economic crisis in Mexico, the capitalization of the Mexico Conservation Fund is essentially on scheduled, made possible by an amazing level of GOM financial commitment. *Overall, the E/GCC portfolio demonstrates a level of performance that has met or surpassed planned levels for all indicators.*

- a. **Energy Efficiency-Adoption of renewable energy and energy efficient technologies and practice**
 - i. **Progress Towards SO Indicator No. 2.1: Carbon Dioxide Emissions Prevented through Selected Uses**

Since 1970, Mexico's energy consumption per unit of output has risen at an average rate of 8% per year. The Government of Mexico's main concern has been focused on meeting the increasing energy demand, which could contribute to global climate change. USAID/Mexico's GCC program fosters energy efficiency, renewable energy, and support to private sector activities. Our partnership with public and private agencies contributes to strengthening their own programs, and we maintain a leadership position flexible enough to respond to changing conditions in the field.

Mexico ranks 11th among all countries for greenhouse gas emissions, with an estimated 2/3 of its emissions coming from the energy sector. These emissions can be avoided by adopting renewable energy and energy efficient technologies and practices. Mexico has excellent potential for wind, mini-hydro, geothermal and solar energy. Mexico has good technical capabilities in these areas, but

progress has been limited by a lack of supporting development policies and incentives in these fields-- mainly as a result of a number of obstacles for accessing financing, even for economically profitable projects. There is also potential for avoiding greenhouse emissions by substituting natural gas in oil-fired generators; this substitution is planned largely because of pollution benefits. Since USAID's Global Climate Change (GCC) energy programs began, they have exceeded every year planned prevention levels of carbon dioxide emissions (SO Indicator No. 2.1) every year. **Activities under the program have prevented the emission of 266,250 tons of carbon dioxide through selected energy activities, with an average reduction of 53,250 tons per year since 1990.** All these reported amounts are estimates based on data from many sources (partners in IR No. 1; see SO Tree). Several counterparts have been receiving direct benefits from the GCC energy component through the integration of IME (Information and Management Exchange Program) technologies into their own programs. The energy GCC component enjoys an exceptional relationship with and level of access to government decision-makers in the energy sector. Maintaining this relationship and program focus are important goals in the future design of the USAID/Mexico environmental strategy.

ii. **Progress toward IR Indicator No. 1.1: Energy Efficiency/Demand-Side Management (DSM):**

Our DSM projects with the Electrical Sector Energy Savings Program Support Trust-Fund (FIDE) have been very successful and shows important impacts demonstrating significant savings and wide-scale replicability. FIDE has implemented a customer service survey for exploring how energy efficiency has impacted the quality of life of Mexican families, and how USAID's high-efficiency motor program has benefitted industries. The survey has obtained significant positive results about sustainability and replicability of the USAID-sponsored FIDE program.

The strength of the Mexican energy efficiency program largely lies principally with the technical capability of FIDE. The purpose of the high-efficiency motor pilot project is to make available low-cost and no-cost industrial audits and sector-specific strategies for saving energy, and CFE relies on FIDE for the design of incentives and rebates. Our DSM programs are primarily focused on high efficiency motors and electric motor rewind (energy-efficient rewinds of motor coils) pilot programs. **The planned 23 energy audits are completed or underway (15% above the planned level for IR Indicator 1.1), and most are demonstrating important energy savings, especially in the area of high-efficiency motor-drive systems.** Despite the economic crisis in Mexico, most participating plants are committed to the program and implementing the efficiency measures identified in the audits (see IR Indicator No. 1.1 table).

On-going second phase energy efficiency activities in combustion and steam systems have been designed and

supported since September 1995 under the Environmental Initiative of the Americas framework, being modeled after DSM projects. The local counterpart is CONAE, and as part of the pilot project, 30-40 industrial and commercial energy audits will be performed in small - and medium-sized facilities. The project will seek to involve equipment vendors and financing sources (as in the parallel high efficiency motor pilot project) to ensure implementation, and will design -- jointly with

Collaboration on End-Use Efficiency of Electricity in Mexico

One of the more successful USAID projects in Mexico has been the collaboration with FIDE. In 1994 USAID and FIDE embarked on a pilot project focusing on motor system efficiency to test technical and financial mechanisms for improvements in 20 industrial plants. Early stage results include:

- Potential electric energy savings of as high as 15% of consumption.
- Promises of concessions from 4 important equipment manufacturers in pricing and financing for pilot project participants.
- Discussions with the Rockefeller Foundation's E&Co on the use of energy cost savings for the creation of a revolving loan fund that will offer more implementation assistance.
- As a direct outgrowth of the experience of the pilot project, Mexico's electric utility, CFE, is embarking on a 5-year program to promote electricity efficiency through information campaigns and customer incentives.

the World Bank--a large-scale implementation program based on pilot results expected to begin in early 1997.

Despite its scattered or opportunistic approach, the energy efficiency component is the strongest part of the USAID's energy program, and we plan in close collaboration with global resources to focus and strengthen it in a third phase planned in early 1997. **The third phase will consolidate its best activities into one package, focused on the industrial, residential, and commercial sectors.** This will be accomplished through the GOM-CFE-FIDE energy efficiency national-scale incentives and rebates program. This program is expected to begin in late 1996.

iii. Progress Toward IR Indicator No. 1.2: High Efficiency Lighting Pilot Project

The Ilumex project, initiated through USAID feasibility and design studies, is a model energy efficiency project that **has successfully reduced electricity costs and consumer power bills, and that can claim benefits of avoided greenhouse gas and other pollutant emissions (an estimated annual 118,000 CO₂ tons, 3,000 SO₂ tons, and 205 NO_x tons).** The accomplishments have exceeded planned levels for IR Indicator 1.2 in every year, and the program is currently 17% above planned levels for 1996 (see IR Indicator 1.2 table). Since the project began selling Compact Florescent Lamps (CFLs) in May 95, **more than 500,000 CFLs have been sold to customers** through CFE district offices, exceeding the original project sales target by 35%.

CFE's monitoring and evaluation process demonstrates that from April 95 to January 96--a third of the total project length--Ilumex has: (a) avoided 24,377 Mwh in energy generation; b) saved 31 MW in capacity; c) saved 7,133 liters of fuel-oil; d) saved 90,000 tons of carbon dioxide; e) saved 310 tons in sulfur oxide; and f)

saved 35 tons of nitrous oxides. **CFE's efforts on replicability** for future/wider high-efficiency lighting programs are targeted to be implemented through the DSM rebates and incentives programs that FIDE is designing, including other measures in the industrial and commercial sectors, such as: substitution of motors, compressors, commercial lighting, and municipal pumping . Through this program (scheduled for 1996-2000), CFE is planning to sell 6.1 millions of CFLs throughout the country by sharing CFL costs with customers. Other local mechanisms are being considered by the GOM to replicate the Ilumex program in conjunction with Mexican development banks, such as Banobras, and municipalities.

Renewable Energy Project--FIRCO Expansion/Replication

The Sandia team has supported FIRCO and its counterparts' nationwide expansion and replication activities in several states through the World-Bank funded Rainfed Areas Development Project. These applications streamline the effectiveness of microenterprises, increasing profits for local industries, such as agriculture, fish processing, and production of handicrafts for local and regional markets. The applications provide rural electrification avoiding greenhouse gas emissions and the inefficiencies of hooking up to the electrical grid. An agreement was reached with FIRCO for the implementation of a basic plan for site visits to better characterize magnitude of potential, and select training-related projects. Sites for more than 100 cost-effective PV and wind applications have been identified and prepared, and a significant number of these have been implemented and documented to support replication. Pending the confirmation of DOE counterpart resources, the Mission is requesting additional funding to initiate a Phase II, which will begin in early 1997 to expand into Guanajuato, Hidalgo, Jalisco, México, Puebla, Michoacán, and Guerrero (and possibly other states).

iv. Progress Toward IR Indicator No. 1.3: Development/Commercialization of Renewable Energy

Largely because of the peso crisis, this DOE/AID PASA project has fallen behind schedule approximately 6 months short of planned levels for IR Indicator No. 1.3. However, the program has been successful in accomplishing its two primary purposes: (1) the increased use of renewable

energy technologies as a climate change mitigation strategy; and (2) the expansion of both US and Mexican markets for renewable energy technologies. The project provides renewable energy solutions to rural development problems, such as water pumping for livestock, ice-making/refrigeration, and irrigation. **Five model contracts have been signed with rural development agencies in northern Mexico, three more with U.S. conservation NGOs for work in southeastern Mexico, and four more are under development with state governments.** This has resulted in approximately 80 productive applications being designed and implemented in support of rural development and conservation. The number of beneficiaries has increased from 60 in 1994 to 4,500 in 1996.

The project serves as a tool to promote the institutionalization of application of photovoltaic (PV) systems in several Mexican rural development agencies. Sustained and growing procurements of U.S. PV products by local in-country agencies are under way. Mexican market for U.S. renewable energy products is estimated to be \$699.4 million in 1996, and renewable energy program has emphasized a sustained market growth.

The program, scheduled for completion next year, began with a demonstration phase in a sector dominated by GOM-subsidized programs in rural, residential areas. Now that the productive benefits have been demonstrated for these rural areas, **GOM is moving into a wider geographic area, including both residential and productive applications without subsidies.** The program has been so successful that next year FIRCO plans to replicate the current activities under a World Bank loan without any USAID/DOE funding involvement.

b. Natural Resources/Forestry

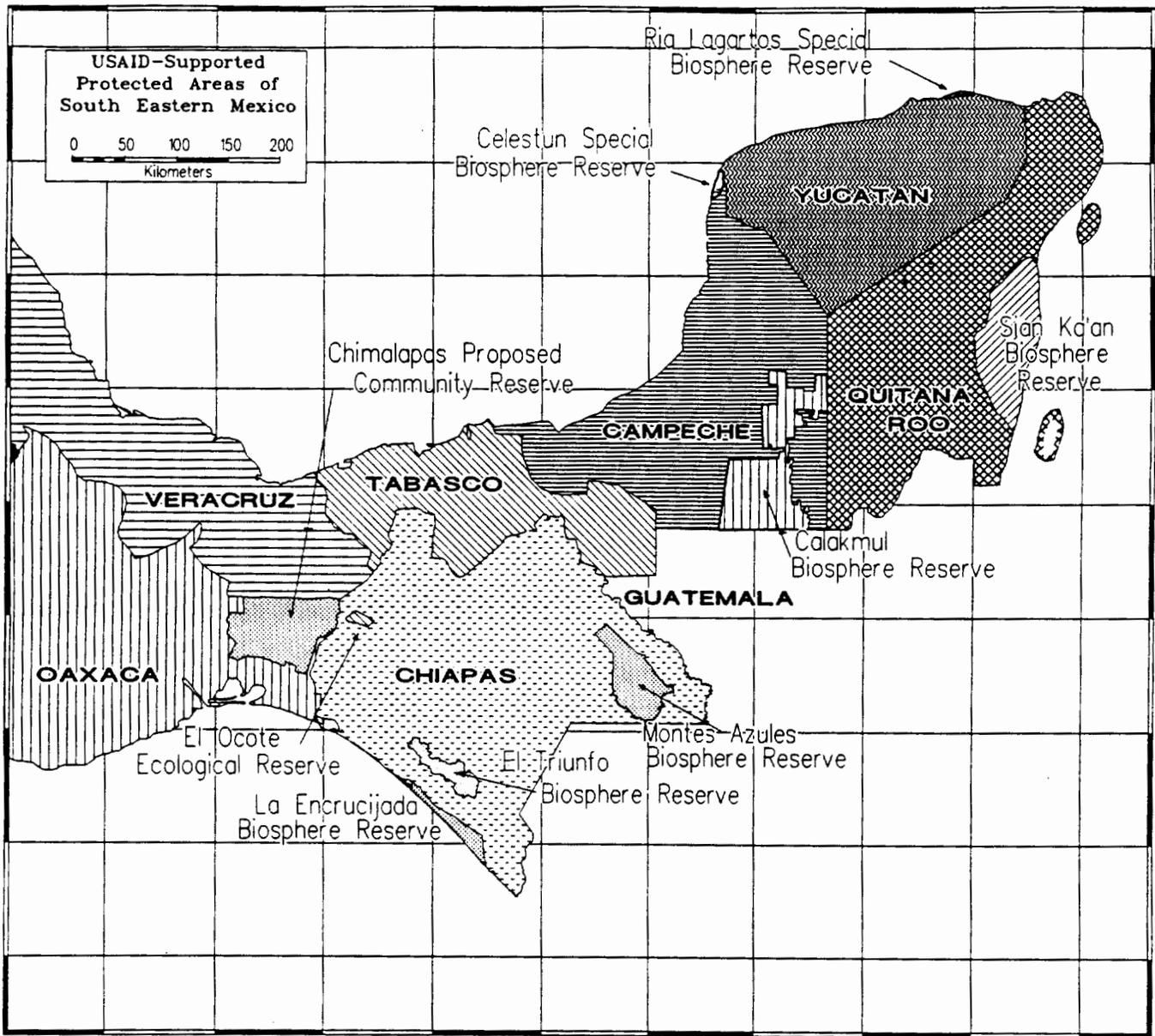
i. Progress Toward SO Indicator No. 2.2: Average Annual Deforestation Rate in Target Areas

About 55 million ha of Mexico's national territory (25%) is currently forested. USAID's Global Climate Change program has forest management/conservation activities in 11 protected areas totalling 3.1 million ha, and containing 2.1 million ha of forest--an impressive 3.8% of forests remaining in Mexico. Estimates of average deforestation rates in Mexico during the 1980's vary between 0.7% (government reports) and 1.3% (private reports) per year. Since the GCC programs began, **the estimated rate of deforestation in project areas has dropped from an average of 1.3% per year to .9% per year, with 5 of our 11 sites reporting rates of 0.0%.** These reported rates are estimates based on grantee field reports and data from many sources (see SO Tree). We have started most of our grantees on using Geographical Information Systems (GIS) for project management, and we completed a workshop for grantees on the use of a simple GIS system (CAMRIS) for DOS computers in March (see attached map, which represents only the printing capability of CAMRIS). GIS capability is a prerequisite for using satellite and other remote sensing data for accurate analyses of deforestation rates. GIS capability also offers side-benefits to program management, and many of our grantees are already using GIS for protected area management, for strategic planning, for developing strategies for combating forest fires, and for resolving land tenure issues.

Our plan to measure current and baseline (1970-1990) rates of deforestation precisely using satellite imagery has been hampered by delays we have experienced with our Environmental Protection Agency PASA . Due to these continual delays, we have been compelled to instruct our grantees to execute contracts to obtain and process satellite data separately. We will begin to receive results of these contracts in May, 1996. We continue to press EPA for the data, and it is hoped that the EPA PASA will begin to provide useable maps to update land use patterns for historic and current analysis in the near future.

ii. Progress Toward IR Indicator No. 2.1: Improved Management of Protected Areas and Their Buffer Zones

The Parks in Peril (PiP) program (see box) has been working with USAID/M to improve management of 6 protected areas in the GOM National System of Protected Areas (SNAP). With PiP's



USAID-Supported Protected Areas of South Eastern Mexico--Processing Geographical Information Using CAMRIS:

CAMRIS is a simple, versatile Geographical Information System (GIS) software package that can be used on nearly any DOS computer currently in service, including those with (slow) 286 processors. The program is available free of charge to non-profit organizations, and is constantly being updated and improved by its developer. Combined with a very inexpensive digitizing tablet (as little as \$150), any field office with electrical power can digitize satellite, aerial, or other remote sensing imagery, analyze the information, and print color or black-and-white maps. A system of overlays makes it possible to update maps and compare current land uses or patterns of deforestation with earlier status. Capacity to measure the area of polygons makes it possible to measure the surface area of land uses and formations, such as area damaged by hurricanes or rates of deforestation. Although not as powerful as the large, expensive GIS packages

(such as ARC-INFO), the facility and economy with which CAMRIS can be used make it superior for applications in low-budget, remote situations. Many of our partner NGOs are already using CAMRIS for land use planning, mapping protected areas, measuring deforestation rates, and as a tool for combating forest fires. The color and black-and-white images we have include here were made in by USAID/M staff after only two days of training in CAMRIS. Our staff were attending a training session sponsored by USAID for 18 partner organization participants; the workshop was held in a remote biological field station of the National Autonomous University of Mexico (UNAM) in Chamela, Jalisco. We digitized these images from several hardcopy maps of southern Mexico, then printed them on standard HP Laserjet and HP Deskjet printers.

inauguration of its "consolidation checklist," it has become possible to monitor objectively and in great detail each protected area's progress toward "consolidation"--sufficient development of infrastructure, data management, and human and financial resources leading to long-term sustainability and termination of USAID funding through PiP. Ria Celestún and Ria Lagartos Special Biosphere Reserves (lumped into a single administrative unit), and El Triunfo Biosphere Reserve have achieved 73% of the goals necessary, and are expected to consolidate this year. The remaining four sites have achieved 53% of the advances necessary for consolidation by the end of FY1998.

The implementation of the consolidation checklist is an important step in the evolution of the PiP program. With it is evolving a formalization of consolidation in Mexico--collaboration between USAID/M, TNC, and partner organizations--that will give protected area managers greater incentive to work toward consolidation, and that will provide an end-of-activity evaluation and report that will be useful as a planning exercise and for obtaining future funding from other donors.

Advancing Protected Area Management--the Parks in Peril Program:

Since its inception five years ago, the Mexican Parks in Peril program has succeeded in adding more than 405,000 ha of land to the protected areas system in Mexico. In FY 95, this included 1) the conversion of La Encrucijada from Nature Reserve to Biosphere Reserve, from 2,500 ha. to 144,000 ha., which was celebrated at a public gathering headed by the President of Mexico, Ernesto Zedillo, and his cabinet, and 2) the addition of the 89,000 ha Uaymil Reserve to Sian Ka'an Biosphere Reserve, bringing its total size to 530,000 ha. The Uaymil addition was the direct result of a \$12,000 USAID investment for a watershed/land use assessment carried out under PiP. Together, the additions represent a 16% increase in the size of these protected areas, and a 45% increase in the forested area protected in these areas. The Nature Conservancy PiP program continues to demonstrate flexibility and insight in its approaches to conservation problems, building on the experiences of five years to design program activities that improve protected area infrastructure and management, and that rally the support of local communities in protecting natural areas.

iii. Progress Toward IR Indicator No. 2.2: Number of Target Protected Areas and Their Buffer Zones Being Managed According to NGO Work Plans

The Biodiversity Support Program, the World Wildlife Fund/Mexico, and Conservation International/Mexico continue to emphasize well-targeted programs that focus on activities in buffer areas and communities near critical protected areas. Activities include resolution of land tenure issues, GIS-based analysis of ejidal (communally owned), private, and public land boundaries, land-use planning, applications of renewable energy-based electricity in agriculture and community development, and environmental and health education. **The focus is on improving standards of living and incomes in order to increase community stability and land stewardship.** This decreases migration and improper use of resources in protected areas, and provides a stable social structure with which managers can work. All seven areas are operating at a level of 80% or greater compliance with yearly workplan goals.

A very important part of activities under this indicator is **capacitation of local communities so that they begin to search for and find ways to solve their own community development problems.** For example, campesinos are a necessary element of efforts to resolve land ownership in the context of current laws governing land tenure. This empowerment issue pervades all of our programs. We view empowerment of remote, marginalized communities as an important step in the transition to an effective democracy.

iv. **Progress Toward IR Indicator No. 2.3: Numbers of Individuals Adopting Alternative Economic Practices**

A key to the success of USAID/Mexico's program is its attention to community development issues. **All GCC activities in protected areas are working with marginalized communities to develop alternative economic activities that promote sustainable uses of natural resources** (e.g., apiculture, fisheries management, organic farming, ecotourism). An example is WWF's "no-till" agricultural method (see box), which ultimately increases land stewardship and augments income with the sale of agricultural produce. We are working with our grantees to establish planned levels of participation, which has turned out to be conceptually difficult--i.e., what level of participation is necessary to change a community's collective opinion on a conservation issue? Planned levels are to be established on a yearly basis, taking into account our partner's experiences from the preceding year. Among the nine of twelve programs for which planned levels have been established, the constituency for these activities has risen to about 100 of approximately 150 communities located in or near buffer zones of 7 supported protected areas. About 2,388 people in 1,300 families (2.3% of the estimated 74,000 total population) are involved in the supported technologies programs. Numbers of individuals involved in these alternative, sustainable activities will not necessarily rise constantly during project implementation. From time to time, partners find it necessary to concentrate on developing the existing constituency and bringing more land under alternative uses.

A critical assumption of the WWF program, in particular, is that once technologies for alternative, sustainable economic activities have been worked out, and once a threshold number of people are involved in the program, subscription to the technologies will spread at an increasing rate to other communities. With about 3.4% of the populations with which WWF works practicing these alternative technologies, with WWF's predisposition to work with community members and adapt technologies as appropriate, and with WWF's frequently workshops that reach a much larger audience, an increase in the rate of adoption of these technologies would appear imminent. Already, families that have been watching the progress of WWF's pilot programs with other families in the communities have begun asking for help adopting the technologies themselves, and in many cases have adapted the technologies to their own particular situations. We are working with WWF, in particular, to quantify the productive and economic benefits of their technologies, and to measure objectively the spread of technologies to other families and communities.

Gender Issues: All USAID/M's community development activities address gender issues. There are two basic focuses of these efforts. First is to foster an ethic in communities that values women as providers of important services and contributors to economic income. For example, we have programs that encourage women to raise medicinal plants or to produce embroidered products for local and regional markets, and to raise community vegetable plots to increase family nutrition and income. The vital step has proven to be demonstrating a woman's ability to contribute; status follows. Second, particularly in the agricultural programs, it has become evident that women are important and constant participants at all stages, but it is *men* who dictate policy and workplans. In these situations, we are working on ways to assign value to the input of women, both for social development and reporting purposes.

No-Till agriculture with *abonos verdes*-- creating a site constituency while improving family nutrition and incomes

WWF's program of alternative agricultural practices was developed and has evolved in conjunction with the land owners themselves. The "no-till" technique utilizes three different bean species (such as velvet beans, or *abonos verdes*), which are grown beneath corn crops. The beans shade and protect the soil from desiccation, and fix nitrogen. Yields have increased every year since implementation, so that farmers have a surplus above subsistence levels that can be sold in local or regional markets, providing family income where little or no family income existed before. Equally important, farmers are able to continue using the same plot of land year after year. This eliminates the need to clear additional land, and creates a non-migratory constituency with which protected area managers can work over the long term.

Population: It seems evident that an important element in the longer-term success of these projects will be population growth rates in these areas. For the most part, population growth has previously been fueled by migration to the areas. Once there is a stable population, there will be a clear need for more collaboration with our family planning programs here in Mexico.

c. **Biodiversity Conservation**

i. **Progress Toward IR 3 Indicator No. 3.1 through 3.3**

The primary activity being supported under this PO is establishment and effective operation of the Mexico Conservation Fund (see box). All expected outputs had been produced more or less on schedule, and in February 1996, the agreement for the endowment was signed, authorizing transfer of \$19.5 Million from USAID to the financial asset managers of the Fund. Support for the activity in Mexico has been extremely enthusiastic, including reconfirmation of the promised \$9+ million GOM counterpart.

The primary, short-term goal of this SO has been capitalization of the fund. Now, the programmatic direction of the fund can be fine-tuned by FMNC and partners, including USAID/M, in the context of the first tranche of biodiversity conservation proposals. One of the key constraints to biodiversity conservation in Mexico has been availability of sustainable

financing. As a *Mexican* "donor," the fully-capitalized Fund is expected to hold great sway in economic, conservation, and development issues and policies here in Mexico over the coming years.

Creating a long-term endowment for conservation in Mexico--the Mexico Nature Conservation Fund

For a year and a half, USAID/W, and USAID/M and their partner organizations (the World Wildlife Fund, The Nature Conservancy and Pronatura) have collaborated on the design, legal establishment, pre-award survey, financial review and strengthening of the Mexico Nature Conservation Fund (FMCN). Last February, this non-governmental endowment for biodiversity conservation in Mexico became a reality when FMCN signed a cooperative agreement with USAID/Mexico in the amount of \$19.5 million. This endowment, which will be invested in the United States for the benefit of FMCN, will assist in financing a series of biodiversity conservation activities of private, NGO, and GOM organizations here in Mexico. The Fund is an example of an important activity leveraged by USAID, which funded development of its legal structure and its initial capitalization. With contributions from GOM and other donors, eventual capitalization of the FMCN is expected to reach \$100 million by the year 2000.

3. **SO No. 2 Support Activities**

USAID/M also undertakes a number of support activities that contribute to the success of the SO, including **policy/legal studies, environmental education, and integrated conservation and development programs**. For example, USAID/M and its partners TNC, Conservation International, and Centro Ecológico de Sonora were responsible for an activity that established El Pinacate/Gran Desierto De Altar Biosphere Reserve (794,556 ha) and the Upper Coast of Baja California/Colorado River Delta Biosphere Reserve (934, 756 ha). Through its Mexican partner Ecosolar, USAID/M has turned a local economic crisis--the closing of the notorious sea turtle slaughter house in Mazunte, Oaxaca--into a model of sustainable, environmentally-friendly development (see box). And through Partners of the Americas, USAID is contributing to the foundation and development of a Mexican Youth Conservation Corps, an activity that receives increasing local support and that provides extremely valuable environmental education to young people and their families (see box).

Of the 26 activities within the SO No. 2 portfolio, there are two projects that we classify as "B" and one is "C." The "C" project is the PROAFT agroforestry activity. A recent evaluation confirmed prior USAID concerns about numerous accounting and administrative deficiencies. We have informed PROAFT that if corrective measures cannot be agreed upon and accomplished within two to three months, the project will be shut down. The "B" project is a buy-in to the Global Energy Training Project (ETP). Although the ETP generally does quality training, the Mission has not been

satisfied with the cost effectiveness and responsiveness of the program. A changing economic and institutional framework, plus availability of local experts in Mexico, requires a level of flexibility and a focus on in-country training capability that is not available through the ETP. Different energy training mechanisms are being explored.

4. Donor Coordination

The USAID/M program has always taken advantage of opportunities to complement other donor-sponsored activities in Mexico. Given the complexity of the environmental sector, coordination and complementarity of efforts is vital to leveraging funding, increasing efficiency, and eliminating duplication. To this end, USAID/M plays an important role in both facilitating and complementing the investments and programs of other US Agencies. USAID/M cooperates routinely in the implementation and support of programs such as: the Partners-in-Flight Neotropical Migratory Bird Program, the North American Wetlands Council, the Secretariat for the RAMSAR (Wetlands) Convention, the Canadian International Development Agency, the British Council, and the Inter-American Foundation. Global Bureau's Program in Science and Technology Cooperation, and programs of the U.S. Fish and Wildlife Service, the U.S. National Park Service, and the U.S. Forest Service.

As mentioned in the Energy section of this report, many of our activities are pilot demonstrations that serve as models to guide follow-on activities of GOM and the World Bank. World Bank and GEF funding complement ours in biodiversity and protected areas programs, and we are currently assisting on the design of the World Bank's \$400 million water resources loan. USAID/M has had meetings with the Japanese International Development Agency to explore ways in which the two agencies can more closely collaborate in environment/energy assistance. Several interesting possibilities have been identified.

The importance of coordination of activities among donors will only increase as the funding climate for international development changes. Therefore, USAID/M has been holding meetings and planning for more collaboration in the future. As part of the environment strategy exercise three specialists were contracted to carry out an inventory of other donors' environmental funding in Mexico. The information generated is being used to underpin the strategy as well as to orient our future USAID donor coordination and re-engineering work.

Mexican Environment and Mexican Youth--the Youth Conservation Corps:

Driven by its popularity among Mexican youth and organizations concerned with youth issues, the Mexican Youth Conservation Corps has experienced exponential growth. To date, three Mexican organizations have legally established local corps in Yucatan, Campeche and Puebla; two are in the process of legalizing in Chiapas and Tabasco; and four additional in Guadalajara, Chihuahua, Guanajuato, and Mexico State are interested in starting corps. This summer, there will be six youth conservation camps (up from two last year), including Xochitla, on the outskirts of Mexico City, in a new facility on donated land. The physical contributions of the Corps are noteworthy: trail construction, maintenance of ecotourism facilities, establishment of community nurseries, participation in reforestation projects--often strengthening our partners' program activities. But the cultural impacts have been profound, providing young people with environmental education and a supervised environment for learning about conservation issues. Corps members are trained in community service and leadership skills, program design and development, organizing work projects and local fund raising. 250 young people have so far been trained, and they have become the life of the organization. After their first experience, they continue to participate in local conservation activities, often returning as trainers. In this way, the corps is changing the vision of young citizens. The popularity of the Corps is also extending to an increasing community of funders, including FUNDEA, UNESCO, PRONATURA, and various private sector organizations, such as Kodak and Coca Cola..

5. Expected Progress in FY 1997-1998:

The progress expected in each existing environment IRs is discussed in Section II and targets are given in the SO No. 2 indicator trees. The changes proposed in the results framework will increase the impact and cost effectiveness of the program. These proposed changes and their expected impacts are summarized below.

i. IR No. 1 and IR No. 2 Consolidation:

IR No. 1: The streamlining of the energy portfolio from approximately 26 activities (under 6 different Global projects) to four Mexico-focused components (energy efficiency, renewables, joint implementation development & support, and energy training) will allow a greater level of Mission supervision/involvement. The benefits expected include more simplified management and accounting, a focusing of activities on a reduced number of results/constraints, and synergies derived from a more efficient interaction of components. All activities will have a greater degree of Mission interest/involvement, and be more in contact with the political/institutional changes of Mexico. Impacts expected from activities supported by Global resources will be identified from the beginning (during the design stage) and monitored as part of the Mission IR No. 1. A new GCC/joint implementation component (covering both forestry and energy projects) is proposed as a way to promote financial sustainability, public-private partnerships, and replicability of the IR.

Development that Supports Local Communities--the Mazunte Miracle:

The "Mazunte Miracle" began as a response to a window of opportunity. The notorious sea turtle slaughter house in the small Oaxacan community of Mazunte was closed by federal law, eliminating the main employer in the area. The economic incentive for illegal harvest of sea turtles remained. Ecosolar, a small Mexican development NGO recognized the need, and with support for USAID/M, local universities, foundations, and its own membership, entered into an agreement with The Body Shop/U.K. and the Mazunte community to build a small, natural cosmetics plant. The plant--managed and operated by a women's cooperative--was inaugurated in February, 1996, and in addition to profits from its manufactured product, it has already become a popular ecotourist destination. The result: declining rates of turtle poaching, and increasing incomes for the local community. Building on its success, Ecosolar is now expanding its work into the watershed above the turtle nesting grounds. In the second phase of its USAID co-funding, Ecosolar is working with campesinos to establish "shade coffee"--which maintain cover for native wildlife and watershed protection--as a viable crop for the international organic coffee market.

IR No. 1: The protected areas/forestry portfolio will likewise be streamlined by phasing out five activities and adding one (from a total of 9 to 5) by 1998. This will reduce USAID management oversight and produce more efficient use of resources to strengthen and replicate those activities that have shown greatest success. The addition of the GCC/joint implementation component (mentioned above) is broadly endorsed by our primary partner organizations and is expected to lead to additional leveraging of resources and financial sustainability for protected area projects.

ii. IR No. 1a and IR No. 3a Addition:

The rationale and importance of these new IRs in the context of the current USAID/M environment program are provided in the strategy preview.

IR No. 1a: This new IR will focus initially on expanding the EP3 program and providing assistance to strengthen medium or small-sized municipalities and "brown" NGOs. The EP3 program has been very successful in leveraging private sector investments with minimal program resources. In addition to mitigating climate change this program promotes trade, frequently helps develop U.S. markets, and strengthens joint US-Mexican ventures.

IR No. 3a: The importance of Mexico's coasts and marine resources cannot be underestimated. Fishing, tourism, urbanization, energy and infrastructure development are just some of the areas of economic activity highly dependent on the wise use and protection of coastal and marine resources. Currently, marine and coastal resources are highly undeveloped if not altogether missing in Mexico's plans/activities for biodiversity conservation. This IR will help to strengthen this sector, integrate it with other development sectors, and accelerate the analysis and consideration of marine/coastal resources in biodiversity prioritization and conservation work.

Strategic Objective No. 2 Program Tree

Mexico
Agency Goal: Protecting the Global Environment
Strategic Objective No. 2 Environmentally sound natural resource and energy use increased.
SO Indicators 1. Carbon dioxide emissions prevented through selected uses (per year). 2. Average annual deforestation rate in target areas. 3. Number of viable populations of indicator species maintained in target areas.

Intermediate Result No. 1. Adoption of renewable energy and energy efficient technologies and practices.	Intermediate Result No. 2. Improved management of protected areas and their buffer zones.	Intermediate Result No. 3. Improved Mexican non-governmental institutional capacity for preservation of biodiversity.
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Indicators	Indicators	Indicators
1. No. of firms adopting energy efficient and renewable energy technologies and practices.	1. Number of core areas demonstrating improved management capability: management and operational plans, data/information systems, trained staff and improved infrastructure in target core protected areas.	1. Establishment and effective management of the Mexican Nature Conservation Fund.
2. No. of residential customers adopting energy efficient and renewable energy technologies and practices.	2. Number of target protected areas and their buffer zones that are being managed according to NGO work plans (80% compliance).	2. Overall level of Mexican and other donor (non-USG) financial resources in the conservation fund devoted to biodiversity conservation efforts.
3. No. of beneficiaries adopting energy efficient and renewable energy technologies and practices.	3. Number of people in target areas supporting and earning income from alternative and sustainable nature-based economic activities.	3. Number of new grants/projects managed successfully by the Mexican Nature Conservation Fund.

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.

SO Indicator No. 1: Carbon dioxide emissions prevented through selected uses (per year)

Unit: Tons of CO₂

Source: Energy Project Contractors

Comments: This indicator aggregates emissions averted through adoption of renewable energy and energy efficient technologies and practices promoted in the following projects:

(1) The Demand Side Management Pilot Project, which promotes adoption of energy efficient motors. Project contractor Hagler, Bailly (HB) estimates a LOP reduction of 30,000 Thousand of tons (KT) of CO₂ from this project. This yields a planned level of emissions averted equal to 10 KT per year.

New energy efficiency activities in combustion and steam systems, modeled after the motor efficiency program, have been designed and supported in the DSM project since September 1995. HB estimates a planned LOP reduction of 14 KT of CO₂.

Actual levels are calculated based on numbers of applications of energy efficient technologies. FIDE claims a multiplier effect (ME) of 3-5 times as many firms adopting energy efficiency practices as the number they help directly. In 1994, we estimated the ME of 2 times because the project had just started. After 1994, we have used and ME of 4.

¹ As a direct outgrowth of the experience of the pilot project, the Mexico electric utility, CFE, is embarking on a 5-year program to promote electricity efficiency through information campaigns and customer incentives. The approximately \$80 million program, planned to begin in early 1996, will be managed by FIDE and is expected to provide demand savings of 178 MW, and CO₂ reductions of 86.3 KT.

(2) The ILUMEX Project, which promotes the use of energy efficient compact florescent lamps (CFLs). On the basis of the Institute of International Energy Conservation's (IIEC) figures, and CFE's load dispatch simulation, the annual reduction of different contaminants due to the ILUMEX project has been calculated by CFE. This resulted in an annual reduction of CO₂ equal to 118,000 tons. These calculations are based on replacing 1.7 million incandescent light bulbs with CFLs, assuming an average use of four hours daily for each CFL.

(3) The Mexico Renewable Energy/Rural Electric Applications Project, which will introduce renewable energy systems for productive applications to reserve and park facilities, and poor and indigenous communities in surrounding buffer zones. The emissions averted will include: 40 thousand tons in direct reductions due to field pilot projects, and 4 to 12 millions in indirect CO₂ reductions depending on the number of new renewable projects developed in Mexico. Planned levels for emissions saved were calculated using an average of 13.3 KT/year.

At the present it is expected that all of these projects will end in 1997, though some may be extended. The Total LOP Target is: 462,999 CO₂ tons.

	Year	Planned	Actual
Baseline	1994	23,333	24,000
	1995	141,333	145,000
	1996	148,333	266,250
	1997	150,000 [234,542] ¹	
	1998	TBD	
	1999	TBD	
	Total	462,999 [549,208] ¹	

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.				
Intermediate Result No. 1: Adoption of renewable energy and energy efficient technologies and practices.				
Indicator 1.1: Number of firms adopting energy efficient and renewable energy technologies and practices.				
Unit: No. of firms.		Year	Planned (Cumul.)	Actual (Cumul.)
Source: Energy Projects Contractors	Baseline	1993	---	0
<p>Comments:</p> <p>This indicator tracks the number of firms adopting energy efficient motors as part of the high efficiency motors program for the industry under the Industrial Demand Side Management Pilot Project (DSM-PP). Figures are cumulative.</p> <p>Under this project, twenty firms will participate in energy audits that identify how their energy uses can be improved with the use of more efficient motor technology. Energy audits provide important information on energy consumption and an analysis of possible steps to improve energy efficiency.</p> <p>Based on the results of the pilot implementation, a large-scale motors and drives efficiency program will be designed. The lessons learned from the pilot project will determine the scope and type of program to be proposed. A program focusing on energy-efficiency that can be obtained through rewinds of existing motor coils currently supports replication of the pilot project. It includes evaluation of a number of rewind shops, development of rewind standards, training programs, and the implementation of energy efficiency measures for motors in a number of industrial firms.</p> <p>Planned levels for 1998 and 1999 will be readjusted based on the experiences of earlier stages of project implementation.</p>		1994	---	0
		1995	15	19
		1996	20	23
		1997	40	
		1998	60	
	Target	1999	90	

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.				
Intermediate Result No. 1: Adoption of renewable energy and energy efficient technologies and practices.				
Indicator 1.2: Number of residential customers adopting energy efficient and renewable energy technologies and practices.				
Unit: Number of residential customers		Year	Planned (Cumul.)	Actual (Cumul.)
Source: Energy Projects Contractors	Baseline	1993	---	
<p>Comments: Figures are cumulative. Under the Rational Use of Lighting in Mexico Project, or "Ilumex" Project (GEF-G/ENV/EET), at least 1.7 million compact fluorescent lamps (CFLs) are being introduced in Monterrey and Guadalajara, the two largest cities served by CFE (Comision Federal de Electricidad, the electric utility).</p> <p>Residential customers are eligible to purchase up to five CFLs per customer. Due to the economic crisis in Mexico, the cost of CFLs, 50% of which are valued in dollars, increased, causing delays in CFL sales. Nonetheless, before the project ends in 1997, it is expected that as many as 500,000 residential customers in Mexico will have purchased CFLs.</p> <p>Since 5/1/95 when CFLs began to be sold through the program, 445,209 lamps (Dec, 1995) have been sold through CFE's district offices, where most CFE customers go to pay their bills. This means 17% more than the total amount planned (350,000) for 1996--an average of 50,302 CFLs sold monthly, or 1,676 daily.</p> <p>Planned levels for 1998 and 1999 will be readjusted based on the experiences of earlier stages of project implementation.</p>		1994	150,000	0
		1995	250,000	293,511
		1996	350,000	410,698
		1997	450,000	
		1998	TBD	
	Target	1999	TBD	

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use.				
Intermediate Result No. 1: Adoption of renewable energy and energy efficient technologies and practices.				
Indicator 1.3: No. of beneficiaries adopting energy efficient and renewable energy technologies and practices.				
Unit: Numbers of Beneficiaries		Year	Planned (Cumul.)	Actual (Cumul.)
Source:Energy Project Contractors	Baseline	1994	100	60
<p>This indicator will track the number of beneficiaries adopting renewable energy technologies for productive applications under the Mexico Renewable Energy Project (RET). The project team is working with number of counterpart agencies (FIRCO, Shared-Risk Trust Fund and its counterparts) and NGOs that are integrating renewable energy technologies into their existing programs, and have indicated their intention to replicate the demonstrated technologies and applications.</p> <p>FIRCO and the World-Bank are collaborating on the implementation of renewable technologies under its agricultural project (Rainfed Areas Development Project). Cost-effective photo-voltaic and wind systems for generation of electricity have been installed in more than 100 sites, resulting in replication of project activities in more than 10 states.</p> <p>Number of beneficiaries was chosen as the indicator because the technologies will be adopted jointly by groups of producers. Field projects are being evaluated from a economic, environmental, technical and institutional point of view, focusing on environmental and economic impacts, as well as on social and other sustainability issues.</p> <p>USAID is working with its partners to decide if readjustment of planned levels for 1996 and 1997 is appropriate in light of project experience to date. Planned levels for phase II of the project are contingent upon funding levels in USAID and Department of Energy.</p>		1995	5,000	4000
		1996	10,000	4500
		1997	15,000	
		1998	TBD	
	Target	1999	TBD	

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.

SO Indicator #2: Average annual deforestation rate in target areas.

Unit: Average percent deforestation per year

Source: E/GCC Grantee Reports

Comments: Using the reporting formats negotiated with project grantees under the GCC monitoring and evaluation system, grantees present quarterly reports including deforestation rates for the areas where they are working. Figures currently in this table are estimates drawn from a number of different sources, including analysis of satellite imagery or aerial photography, government or NGO reports, and periodic inspection from ground or air. Eventually, all deforestation rates will be monitored using remote sensing (satellite and aerial) imagery and Geographical Information System (GIS) analysis by program grantees. The process has been slowed by difficulty in obtaining satellite imagery through a contract with EPA. Conservation International, The Nature Conservancy, and the World Wildlife Fund are each individually undertaking contract or in-house analyses that will begin to provide baselines based on satellite imagery in May, 1996.

	Year	Planned	Actual
Baseline	1973-1990	Baseline year	1.3%/year
	1994	< 1.3%/year	Not Available
	1995	< 1.3%/year	Not Available
	1996	< 1.3%/year	0.9%/yr
	1997	< 1.3%/year	
	1998	< 1.3%/year	
Target	1999	< 1.3%/year	

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.

Intermediate Result No. 2: Improved management of target protected areas and their buffer zones.

Indicator: #2.1: Number of core protected areas of the government park system adequately protected.

Unit: Number of protected areas / average percentage of consolidation goals met by all protected areas

Source: Reports of The Nature Conservancy (TNC)

Comments: This indicator captures the impact of Parks in Peril Project (PiP) activities on strengthening the GOM's (or GOM designate's) capability to manage core protected areas. Reporting will be done by the TNC using the reports of its NGO partners.

This indicator will record the number of core protected areas which have achieved all of the following criteria: 1) establishment of management and operational plans; 2) installation of data/information system; 3) met targets for numbers of staff trained; 4) infrastructure improvements as laid out in work plans; and 5) site constituency (support of local communities).

It is expected that all six of the current target protected areas will meet all criteria and "consolidate" by 1998. Names, sizes, and expected consolidation dates are:

1. Ria Celestun and Ria Lagartos Special Biosphere Reserves--114,450 ha (FY 96)
2. El Triunfo Biosphere Reserve/ La Sepultura Conservation Zone--119,177 ha (FY 96)
3. El Ocote Forestry and Faunal Reserve--48,800 ha (FY 97)
4. La Encricijada Biosphere Reserve--134,770 ha (FY 97)
5. Sian Ka'an Biosphere Reserve--528,148 ha (FY 97)
6. Calakmul Biosphere Reserve--723,185 ha (FY 98)

The measurement of this indicator was improved in December 95 to reflect the implementation of TNC's new consolidation checklist.

• As of March, 1996, the two sites expected to consolidate in FY 96 have reached 73% of consolidation goals; together, all sites have reached an average of 62% of consolidation goals.

	Year	Planned No. of Sites (cummul.)	Actual No. Site/% Goals
Baseline	1990	None planned	None / 16%
	1994	None planned	None / ---
	1995	None planned	None / 52%
	1996	2	None / 62% *
	1997	5	
Target	1998	6	

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.					
Intermediate Result No. 2: Improved management of target protected areas and their buffer zones.					
Indicator: #2.2: Number of target protected areas and their buffer zones that are being managed according to NGO work plans.					
Unit: No. of areas meeting target (80% compliance)		Year	Planned	Actual	
Source: Reports of World Wildlife Fund, Conservation International, and the Biodiversity Support Project		Baseline	(Year)		
<p>Comments: This indicator captures the results of activities to improve management of target areas and buffer zones by the Biodiversity Support Program, the World Wildlife Fund, Conservation International, and their local partner NGOs. It measures progress of programs that focus primarily on activities in buffer zones. It complements IR indicator 2.1, which measures efforts that include a very large component of improving protected area infrastructure, in some cases in the same protected areas.</p> <p>The indicator is measured using data provided by project implementors, using their own quarterly reports and/or those of their counterpart NGOs. NGOs which have completed 80% or more of the outputs projected in their work plans will be judged as managing their respective target areas satisfactorily. Since every activity aims to achieve the 80% compliance threshold every year, planned levels are not expected to increase from year to year, although they will vary as activities are added or are completed.</p> <p>¹ WWF activity with Sonoran Institute completed in FY 94 ² This is a mid-year report; 80% compliance of all activities is expected by end-of-year.</p>			1994	8	8
			1995	7 ¹	7
			1996	7	4 ²
			1997	7	
			1998	7	
			1999	7	

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.

Intermediate Result No. 2: Improved management of target protected areas and their buffer zones.

Indicator: #2.3: Number of people in target areas participating in and earning income from alternative, sustainable, nature-based economic activities (sex-disaggregated).

Unit: Number of People

Source: GCC Grantee Reports

Comments: This indicator is intended to reflect the participation of local community members in the conservation of protected areas, which the Mission feels is an essential element in achieving improved overall management. As part of its efforts to involve communities, the GCC projects will promote alternative economic activities for communities involving sustainable uses of resources in buffer zones.

This indicator has been revised slightly to coincide with indicators which project NGOs have agreed to report upon under the GCC monitoring system. Planned levels will be established each year as part of development of the next year's workplan.

¹ Planned and actual levels for 1994 and 1995 were to be established according to the units for this indicator, numbers of communities.

² Planned and actual levels are reported for 9 out of 12 program activities for which planned levels have been established.

	Year	Planned	Actual
Baseline	(Year)		
	1994	Previous Units ¹	Previous Units ¹
	1995	Previous Units ¹	Previous Indicator ¹
	1996	2685 ²	2388 ²
	1997		
	1998		
	1999		
	2000		

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.

SO Indicator: #3: Number of viable populations of indicator species maintained in target areas.

Unit: Number		Year	Planned	Actual
Source: Mexican Nature Conservation Fund reports	Baseline			
Comments: This indicator will reflect impacts of the Mexican Conservation Fund in conserving biodiversity. The definition of the indicator may be further refined as the activities to be funded by the FMCN are more fully defined. As it is anticipated that the first sub-grants under the FMCN will be disbursed in 1996, establishment of baseline levels is planned for 1997.		1997	TBD	
		1998		
	Target	1999		

Mexico - Strategic Objective 2: Environmentally sound natural resource and energy use increased.

Intermediate Result No. 3: Improved Mexican non-governmental institutional capacity for preservation of biodiversity

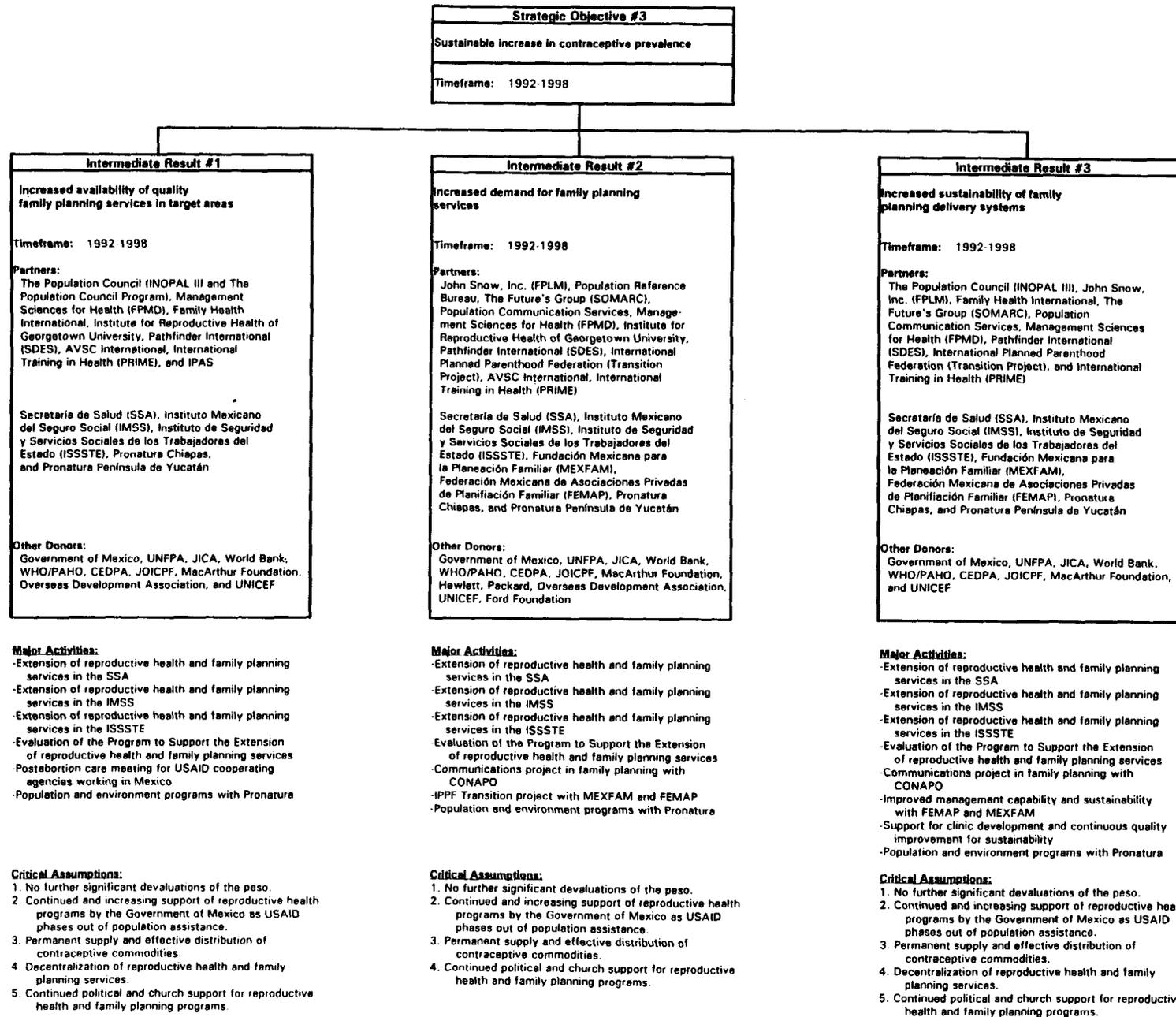
Indicator: #3.1: Establishment and effective management of Mexican Nature Conservation Fund.

Unit: Stages of establishment		Year	Planned	Actual
Source: Pronatura and Mexican Nature Conservation Fund reports	Baseline	1993	----	0
<p>Comments: It is expected that establishment of the Mexican Nature Conservation Fund will provide important expansion of non-governmental capacity for preservation of biodiversity in Mexico, in the form of a sustainable endowment that will in turn contribute to strengthening capacity of NGOs receiving grants for projects aimed at conserving biodiversity.</p> <p>Stages in the FMCN's establishment include:</p> <p>(1) legal establishment of the FMCN (2) completion of the project design (USAID project paper) (3) disbursement of USAID funds (4) establishment of accounting system/approved by USAID (5) administrative structure established and functioning (6) initiation of sub-grants</p> <p>These development steps of the FMCN are expected to be complete in 1996. Initial reporting will be provided by Pronatura/Mexico, which will be providing strengthening services and assisting in the first phases of implementation of the FMCN's activities.</p> <p>¹ Initial USAID disbursement of \$500,000 to Pronatura/Mexico for institutional strengthening, including strategic planning, financial management, administrative procedures, and development of bylaws. ² Second USAID disbursement of \$19.5 million for fund capitalization. ³ FMCN has called for proposals; first proposals expected to be funded by the end of 1996.</p>		1994	1	1
		1995	2,3,4,5	2,3 ¹ ,4,5
		1996	6	3 ^{2,3}
		1997		
		1998		
	Target	1999		

Mexico - Strategic Objective 2: Environmentally Sound natural resource and energy use increased.				
Intermediate Result No. 3: Improved Mexican non-governmental institutional capacity for preservation of biodiversity.				
Indicator #3.2: Overall level of Mexican and other donor (non-USAID) capitalization of the Mexican Nature Conservation Fund				
Unit: U.S. dollars (millions)		Year	Planned (Cumul.)	Actual (Cumul.)
Source: FMCN	Baseline	(Year)		
<p>Comments: This indicator is intended to reflect the Fund's growing non-USAID financial resources, an important element of its institutional capacity.</p> <p>Although the cooperative agreement with FMNC requires only US\$50 million, the total endowment expected is \$100 million. USAID is providing initial capitalization in the amount of \$20 million. The non-USG contribution is expected to total \$80 million. GOM contribution is estimated at \$10 million resulting in an initial capitalization by USAID and GOM of \$30 million.</p> <p>¹ US\$1,000,000 disbursement from GOM. ² US\$500,000 from USAID for infrastructure development ³ US\$690,000, GOM interest payment on GOM US\$9,000,000 planned capitalization. Until \$9 million of Mexican funds are transferred, GOM will pay yearly interest on that amount. ⁴ Includes US\$19.5 million USAID contribution (expected disbursement in May, 1996), approx. US\$690,000 GOM interest to be contributed in August, 1996. Some funds have been used for infrastructure development; current Fund balance is Peso\$10.6, or about US\$1.4 million. By end of FY 96, Fund balance should be approx US\$21.6 million. Because GOM is paying interest on its promised US\$9 million, by end of FY 96, interest available to Fund will be equivalent to that on US\$29.2 million.</p>		1993	-----	1.0 ¹
		1994	1	1.5 ²
		1995	10	2.2 ³
		1996	30	22.4 ⁴
		1997	60	
	Target	1999	80	

Mexico - Strategic Objective 2: Environmentally Sound natural resource and energy use increased.				
Intermediate Result No. 3: Improved Mexican non-governmental institutional capacity for preservation of biodiversity.				
Indicator #3.3: Number of new grants disbursed each year by the Mexican Nature Conservation Fund.				
Unit: Number of grants		Year	Planned	Actual
Source: Mexican Conservation Fund	Baseline	1995	----	---
<p>Comments: The number of sub-grants disbursed will constitute the ultimate indicator of the Mexican Nature Conservation Fund's institutional capacity.</p> <p>Targets are rough estimates. Amount of funding available for grants depends on the timing of disbursement of funds to the FMCN, since the amount of time the funds are actually in the endowment controls the amount of interest that accrues. Also, lessons learned during the first tranche of proposals (this year) will affect planned levels in subsequent years.</p> <p>¹ First grants are expected to be made by end of 1996.</p>		1996	10	0¹
		1997	25	
		1998	50	
		1999	TBD	
	Target	2000	TBD	

**RESULTS FRAMEWORK
STRATEGIC OBJECTIVE No. 3**



D. Strategic Objective No. 3: Sustainable Increase in Contraceptive Prevalence

1. The Results Framework

Mexico's National Development Plan 1995-2000 states:

Population policy demands an integrated focus, clearly inserted in the priorities of social development, that fosters a change in mentality and intensifies the spirit of planning of families, as well as equality among its members, especially in matters of gender. It must also foster parents' appreciation of children and must promote a demographic culture concerned about the repercussions of population on the environment and sustainable development.

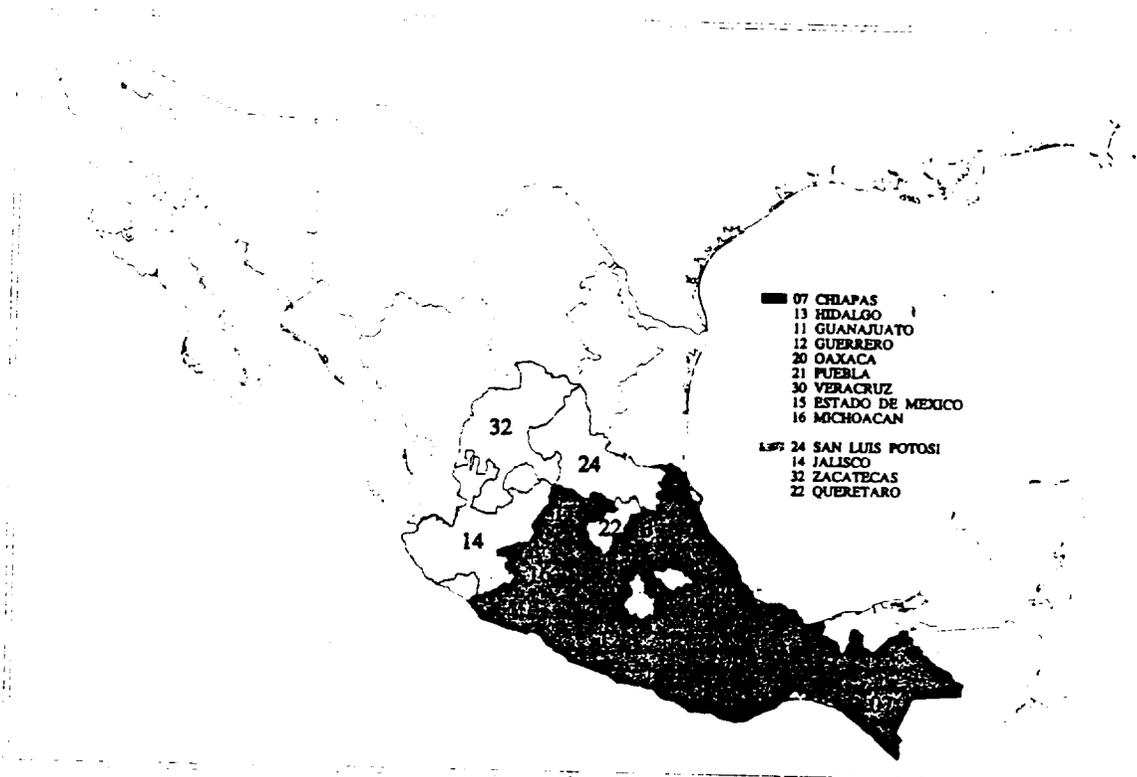
Using this Plan as a launching point, the National Population Program 1995-2000 was presented to President Zedillo in 1995. The challenges for Mexico are clear and are as follows: break the cycle between poverty and demographic lag, continue reinforcing a decrease in population growth, reduce the effects of past high demographic growth, improve the condition of women, strengthen the family, examine regional development and territorial distribution of the population, and harmonize the evolution of demographic phenomena with needs for sustainable development. The actions to be implemented to deal with these challenges will involve integration and coordination among sectors; decentralization of services in order to increase effectiveness of actions; facilitate programming according to economic, social, and cultural differences within Mexico; and promote active participation of local and state governments; information, education, and communication to favor the adoption of new values and ideals; and evaluation, including strengthening information systems. USAID/Mexico endorses these strategies and supports their implementation as will be seen in the description of the population portfolio that follows.

The goals proposed in the National Population Program 1995-2000 are: reach a natural growth rate of 1.75% by the year 2000 and 1.45% by the year 2005; total fertility rates of 2.4 and 2.1; and contraceptive prevalence rates of 70.2% and 73.3%, respectively. **In 1995, the natural population growth rate was 2.05, total fertility rate 2.8, and contraceptive prevalence 67.7%, implying that Mexico is well on its way to achieving the goals set for the year 2000.**

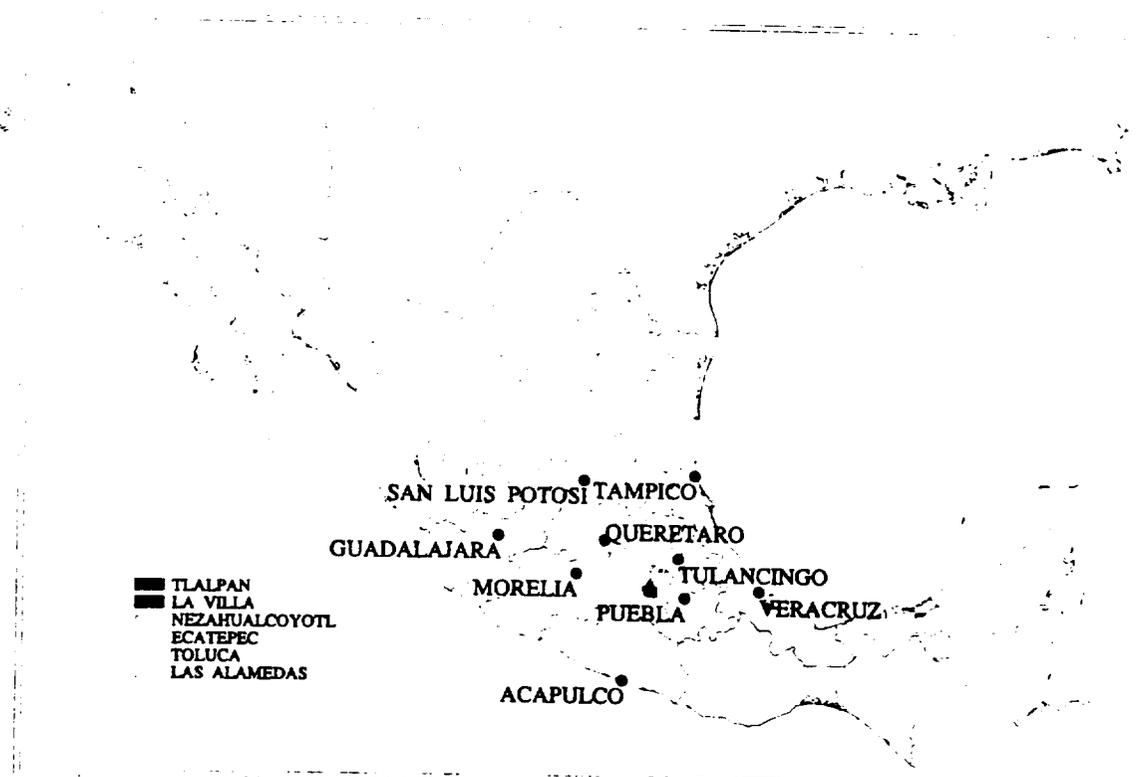
The activities in the USAID/Mexico Population Strategy will assist the GOM to achieve these goals. Since the beginning of the strategy in 1992, program priorities were set based on the GOM priorities, and changes in our program since have reflected changes in Mexico, keeping consistent the strategic objective of attaining a sustainable increase in contraceptive prevalence. **Target states were also determined "priority" by the GOM, and USAID/Mexico has concentrated efforts in these states: Chiapas, Hidalgo, Guanajuato, Guerrero, Oaxaca, Puebla, Veracruz, Estado de México, and Michoacán.** These states have 54% of the total population, 67% of the rural population, and 53% of women in union of fertile age. Each Mexican institution was also given the opportunity to choose one additional state in which to carry out subproject activities. The Mexican institutions, however, have been consistent in their request for expanding aid to the national level, and USAID/Mexico recognizes that great need exists throughout the country, but our focus will remain in the priority states in order to assure greater impact where needs are highest. See maps on following page showing subproject sites in both the public and private sectors.

There are **several important challenges facing the population program in 1996.** The first and most important one, and one whose effects can already been seen in the indicators measuring progress, is the **economic crisis.** Besides growing unemployment, bankruptcies, and public insecurity, inflation was up 43.75% from March 95 to March 96. The crisis affects our end users and programs from the top down: people in marginal urban areas may no longer be able to afford one peso to purchase a condom, especially since the price of a kilogram of tortillas increased from one peso to one peso thirty cents. Central level activities are suffering as well. Costs of **everything** have gone up; salaries, insurance, medical supplies, and educational materials, as well as contraceptive supplies. USAID phased-out of contraceptive assistance to the public sector in 1994, and have managed well since only because other donors have provided them with methods. The GOM is still not capable of purchasing 100% of the methods needed. Likewise, the private sector phase-out of all assistance will have a huge impact on the NGO programs. After 1998, hundreds of thousands of dollars of funds will have to come from somewhere to purchase

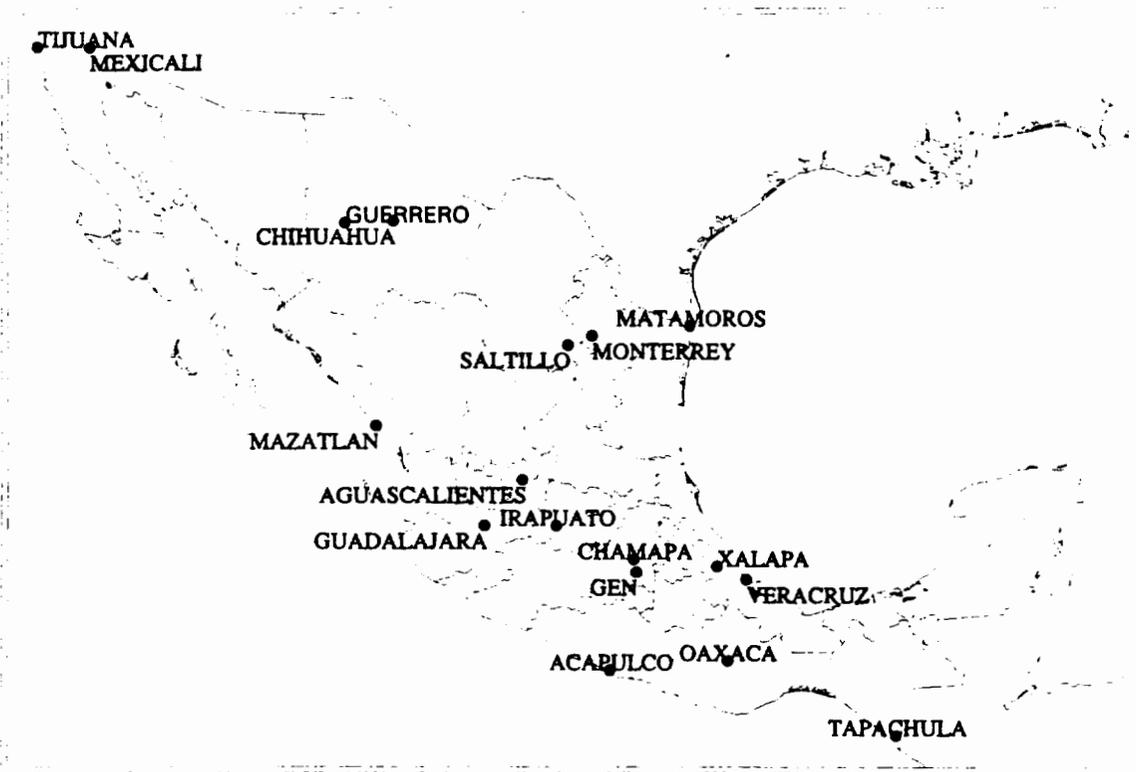
USAID/Mexico Population Strategy: Public Sector Target Areas



USAID/Mexico Population Strategy: Private Sector Target Areas - MEXFAM



USAID/Mexico Population Strategy: Private Sector Target Areas - FEMAP



contraceptive supplies. This could be one of the most deleterious effects of the crisis, and we will have to assist our partners in preparing for this situation. Mexicans are learning to do more with less; an assumption which is even more pertinent when considering the impending phase-out of USAID assistance.

The second challenge is **decentralization**. This decentralization has already begun in the health sector where it is being carried out to correct inefficiencies, corruption, and inequalities. How will this affect our program? The answers are still not clear. On one hand, decentralization is key to solving the problems with coverage in the rural areas, because with state-level commitment and state-level technical capacity, services should be more accessible with decentralization. On the other hand, while our NGO partners have been more decentralized for many years, state-level governments have not, and they will now find themselves responsible for population planning and programming, design, implementation, follow-up, and evaluation of programs. The Ministry of Health is the most advanced of the service delivery institutions in the decentralization process. They began implementation in February 1995, and are presently in the transfer and transition phase. Final consolidation will take place from 1998-2000.

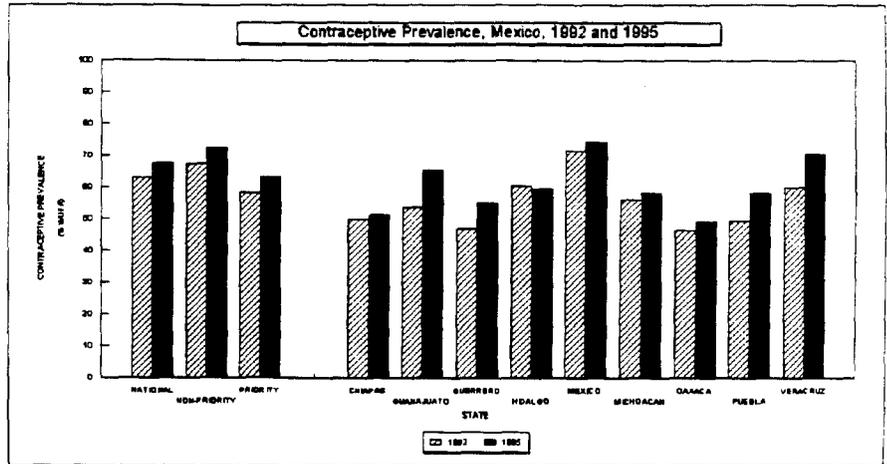


Figure 3.1

2. Summary/analysis of data¹

a. Progress toward S.O.

Contraceptive prevalence

The percentage of married women using a contraceptive method has increased nationwide from 1992 to 1995, but more importantly, it has done so in the priority states from 63.1% to 67.7% (see Figure 3.1). The goal for the target year is 68.7%, but we anticipate reaching that before the target year of 1998. Regional and state differences are interesting to examine as well. Figure 3.1 demonstrates that contraceptive prevalence is higher in the non-priority states. All states increased prevalence from 1992 to 1995 except Hidalgo which decreased only slightly. Substantial increases were seen in Guanajuato, Guerrero, Puebla, and Veracruz, while the traditionally-difficult states of Chiapas, México, Michoacán, and Oaxaca showed only slight increases. And all states, except México in both years and Veracruz in 1995, remain below the national average.

Figure 3.1 is evidence that one of the remaining challenges is to increase contraceptive prevalence in the rural areas by increasing accessibility to and availability of family planning services. While great efforts have been carried out in recent years, and substantial improvements have been made, it has been insufficient to overcome the enormous lags in rural areas. Two new and exciting strategies are being implemented in the final years of the population program to overcome these lags.

¹It is important to note that a comprehensive review of each indicators' planned and actual results was done by USAID/Mexico, the CAs, and the Mexican partners and changes were made as necessary. Also, given the one-year extension of both the public and private sector programs, the target year was changed from 1997 to 1998 in all cases.

The objective of the first program, to be carried out by SSA ("Municipios Marginados") is to focus attention and resources in areas most in need. The municipalities with the most marginal rural population and those with the lowest prevalence are identified and then specific actions necessary to increase contraceptive use are designed. The communities are graded on a scale of 1 to 5 on demographic factors (population, fertility, and mortality), educational levels, labor activities, housing characteristics, amount of urbanization, and sociodemographic characteristics of the inhabitants. The activities to be implemented depend on the level of marginality and can range from simply training service providers in the community, to an all-out war on unmet demand. These more intense activities could include training of health auxiliaries in IUD insertion, surgical "sessions" in rural areas to increase access to BTO, services promotion through brigades in rural communities, recruitment of volunteers who serve as providers of family planning services and information, the use of shelters for awaiting childbirth as a reproductive health and family planning educational center, and identification and segmentation of women and couples in order to better provide them with services. Also, reinforcing collaboration among the main service delivery providers.

Another important activity being implemented by the SSA is the "Misión Chiapas". Given the current economic and political crisis currently affecting this state, from July 1995 to June 1996, SSA will implement intensive reproductive health actions to improve the quality of services, increase coverage, contribute to decentralization of services, and strengthen the state program. The most impressive effects have been on postpartum coverage, which in six hospitals had increased an average of 40 percentage points by November 1995.

Indigenous groups are another priority of the GOM and USAID. There are fifty ethnic groups in Mexico and 93% of the indigenous population lives in 13 states, the majority in the priority states of Oaxaca, Chiapas, Veracruz, Puebla, and Guerrero, as well as in the Yucatán. Mexico recognizes the importance of providing services for this special group of people, so the Secretary of the Interior is currently preparing a package of reforms that will guarantee attention to indigenous populations, and that respects their rights and culture. It will also include modifications to the institutions providing them with services and government policies, all made according to the demands of the indigenous communities. For the first time, an attempt is being made to improve the relationship between the government and indigenous communities.

Since these groups are plagued with problems with access to services, maternal and infant mortality higher than the national average, increased fertility, and unmet need, SSA has developed a strategy to increase the quality of services provided to them. Last year, focus groups and open interviews were carried out in the priority states of Puebla, Veracruz, Guerrero, Oaxaca, Chiapas to determine the current health status of indigenous groups and their views on traditional and Western medicine. Using this information, service providers (physicians, traditional healers, nurses, Health Auxiliaries, and Supervisors of Health Auxiliaries) will be trained and sensitized to address such issues of reproductive health, STDs, pregnancy and childbirth. Other groups involved in this multisectorial initiative include the Universidad Nacional Autónoma de México (UNAM), the Instituto Nacional de Indigenistas (INI), and state-level NGOs.

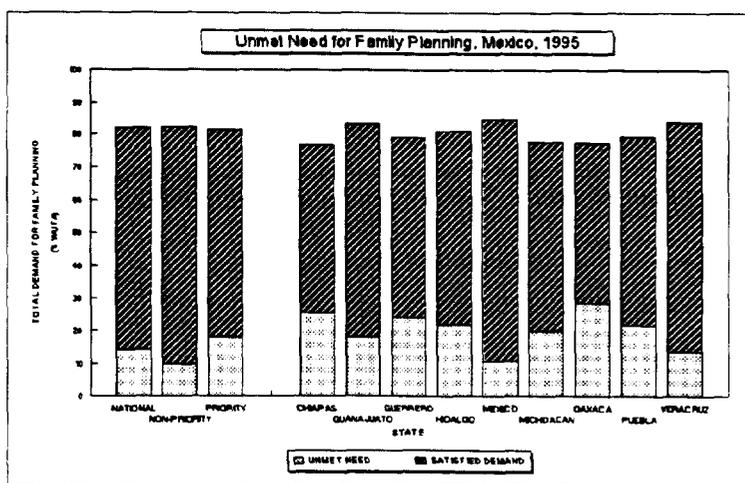


Figure 3.2

Lastly, fulfilling the commitments made at the international conferences in Cairo and Beijing, Mexico has

incorporated the concept of Reproductive Health into their national priorities. What used to be Mexico's National Family Planning Program has since been changed to Mexico's National Population Program 1995-2000, and the soon-to-be-released Reproductive Health Program. Priority reproductive health components include family planning, safe pregnancy services, improvement of women's nutritional status and the promotion of breastfeeding, and prevention and management of STDs/HIV. In order to prepare and implement policies and official norms for reproductive health programs, the Interinstitutional Reproductive Health Group was formed. Its members are made of representatives from all nine government institutions in the National Health System, CONAPO, the National Indigenous Institute, 5 NGOs, including MEXFAM and FEMAP, and now GIRE, a group dedicated to protecting the reproductive rights of women.

In general, overall progress toward achieving the SO is good, but some obvious areas where needs for improvement still exist include meeting unmet demand, especially in the priority states (see Figure 3.2 above). To date, **the most significant impacts in the public sector** have been: expansion of services to the rural areas, strengthening of postpartum and no-scalpel vasectomy programs, analysis and design of innovative educational materials, increases in coverage and quality of family planning services through counseling and reduction of medical barriers, and design of service delivery and educational strategies for specific populations (adolescents, men, and indigenous people). In the private sector, the most significant impacts have been the testing of innovative plans to improve and expand services, increasing access to family planning services, and strengthening of financial and administrative management of programs. These achievements are due in large part to the technical support provided to the Mexican institutions by USAID's Cooperating Agencies in the areas of program design, quality assurance and management, marketing, training, commodities, research, program assessment. Table 3.1 below shows the collaboration between the Mexican institutions and the CAs.

Table 3.1

USAID/Mexico Population Strategy Collaboration Matrix							
Project No.	Project	Public Sector				Private Sector	
		IMSS	SSA	CONAPO	ISSSTE	MEXFAM	FEMAP
936-3024	POPTECH	•	•	•	•	•	•
936-3030	INOPAL III		•		•	•	•
936-3038	FPLM (JSI)	•	•			•	•
936-3051	SOMARC			•		•	•
936-3032	PCS	•	•	•	•		
936-3057	CCP					•	•
936-3061	GRGTWN					•	
936-3062	PATHFINDER	•	•	•	•		
936-3065	IPPF					•	•
936-3068	AVSC	•	•	•	•		
936-3072	PRIME		•				
936-3073	YAP						
936-3079	FHI	•	•				

b. Progress toward Intermediate Result No. 1: Increased availability of quality family planning services in target areas

Number of service delivery points in target areas and percent providing family planning services.

This figure represents the number of service delivery points in the target areas where family planning services are provided, including a) for the public sector, general hospitals, outpatient clinics, and the homes of the health auxiliaries and midwives, considered to be first level medical units as well, and b) for the private sector, hospitals, diversified clinics, outpatient consultation clinics, community medical units, community physicians, and the homes of coordinators and promoters. The only service delivery points in the target areas that do not provide family planning services are the third-level hospitals of the public sector, which represent less than 1% of the total number of units in all cases. Family planning services are provided in 100% of the first and second-level units of the public and private sectors. Figures for both sectors were recalculated. The large drop in the number of providers from 1994 to 1995 is due for the most part to the dismissing of volunteer promoters from the key NGOs, one of the strategies used for cutting costs.

Number of providers of health services in target areas and percent providing family planning services.

The figures in the indicator tables actually represent only the total number of providers of family planning services (general physicians, gynecologists, nurses, auxiliary nurses, social workers, health auxiliaries, midwives, and volunteer promoters), but we expect to be able to provide information on the total number of health service providers and the percent who provide family planning services beginning in 1995 (for next year's R4) because this information was collected in ENAPLAF. Figures for both sectors were recalculated. Overall, the amounts of service providers has remained stable, but there have been changes within sectors. In the private sector, there were significant decreases due to the dismissal of thousands of volunteer promoters, but the public sector has seen significant growth, due perhaps to the decentralization of health services.

Number of people trained per year in family planning service provision in target areas.

This data provided for this indicator was modified to better reflect USAID's efforts in the target areas. This figure represents the number of people trained in family planning and reproductive health in IMSS, ISSSTE, and SSA with USAID population assistance funds. FEMAP and MEXFAM training amounts are no longer included because this data is not tracked in their management information systems, and the training done by the NGOs is primarily periodic refresher training of their volunteer promoters. As shown in other public sector indicators, training activities were slow in 1993, the first year of project implementation, but then in 1995, 12,216 people were trained in a variety of topics, including no-scalpel vasectomy, counseling, and IUD insertion.

Local Government-NGO Linkages

In the words of Administrator Atwood, "development can be energized by linking local business, indigenous NGOs and local governments." USAID/Mexico is attempting to do just that with a new MEXFAM initiative, in which MEXFAM and IMSS-Solidaridad work together in a mutually-satisfying relationship to increase the coverage and quality of reproductive health services in rural areas. For a fee paid by IMSS-Solidaridad, MEXFAM will provide family planning services and information to the clients of IMSS-Solidaridad, and will work in close coordination with their service providers in rural areas to meet any training or contraceptive needs.

Percentage of non-use related to lack of knowledge of family planning methods.

Percentage of clients reporting sufficient time with the service provider before receiving a family planning method.

These new indicators were chosen to measure quality because they are a reflection of the efforts of the GOM and the USAID subprojects in informing users on family planning. The first shows that the percentage of non-use among women at risk for a pregnancy who do not desire children related to lack of knowledge on family planning decreased from 20.3% in 1992 to 12.1% in 1995. While this implies that other reasons for non-use have increased, our capacity to influence those other reasons is limited, but we are able to increase the quality of services by improving the information provided to users. The second indicator illustrates that the percentage of clients reporting sufficient time with the service provider before receiving a family planning method was 53.6% in

1995. This information is disaggregated in the indicator tables, showing 52.2% for the public sector and 61.1% in the public sector, confirming the supposition that the public sector services are overloaded. For the first indicator, there is baseline data available for 1992, and it was measured again in 1995. The second indicator, however, was only measured in 1995, but will be measured again in the target year.

Other important results include:

FEMAP:

- a workshop on Organizational Development and Performance Management, and marketing and cost studies with several affiliates was carried out. (INOPAL)

MEXFAM:

- development of Continuous Quality Improvement (CQI) program, resulting in a better understanding among staff of the interrelationship between quality and financial sustainability and the development of training materials in quality improvement. (FPMD)

SSA:

- literature review and workshop to analyze linkages between family planning and other reproductive health services. (INOPAL)
- improvement of the quality of services through a CQI process similar to that of MEXFAM in the state of Zacatecas to test the feasibility of this approach in the public sector. (FPMD)
- development of strategy to extend contraceptive coverage through training of rural nurses in IUD insertion. (Pathfinder International)
- installation of 76 new adolescent service modules in urban health centers and second-level hospitals; training of physicians, psychologists, social workers, nurses; and individual consultations and group educational sessions on reproductive health. (Pathfinder International)
- design and production of educational materials for adolescents, men, and indigenous people. (PCS)
- continued strengthening of National No-Scalpel Vasectomy and Postpartum Programs. (AVSC)
- training of physicians and training of trainers in postpartum procedures (minilap and IUD), no-scalpel vasectomy, and counseling.
- family planning and reproductive health care training for rural component personnel. (PRIME)



ISSSTE:

- strengthening of the first level of attention with regards to modern contraceptive methodology, through training of service providers and provision of equipment, review and reproduction of educational materials for users and services providers, and production of training manuals in the areas of counseling and contraceptive methodology. (Pathfinder International)
- agreements were made with IMSS to collaborate in the area of family planning training, and results of evaluation on quality of services, user satisfaction, counseling, and technical competence of personnel made available. (Pathfinder International)
- training of 30 medical and paramedical personnel in counseling and 91 in family planning, and initiation of process to train no-scalpel vasectomy teams for each of the priority states. (Pathfinder International)

CONAPO-Evaluation:

- initial design of the SDES evaluation's conceptual framework, as well as survey and sample design. (Pathfinder International)

IMSS:

- continued development of strategies to extend contraceptive coverage to rural areas through surgical sessions, afternoon services, and IUD insertion by traditional midwives, review and reproduction of educational materials for users and services providers, and production of training manuals in the areas of counseling and contraceptive methodology. (Pathfinder International)
- filtering down of training in counseling to the lowest level service provider, continued training of rural paramedical personnel in IUD insertion, and further strengthening of the rural component through intensive collaboration with IMSS-Solidaridad. (Pathfinder International)
- training of medical and paramedical personnel in minilap, counseling, and no-scalpel vasectomy. (AVSC)
- development of an expanded vasectomy study. (FHI)

c. Progress toward Intermediate Result No. 2: Increased demand for family planning services

Number of new users of public sector family planning services per year.

The number of clients who received a family planning method for the first time through the service delivery points of IMSS, SSA, and ISSSTE in the target areas has increased steadily since 1993, with a large increase from 1994 to 1995. While USAID cannot take anywhere near full credit for this increase, it is impossible not to consider that the USAID/Mexico population subproject activities entered into full force in late 1994 and CONAPO's mass media campaign began in mid-1995. Actual results in 1993 and 1994 were corrected during review of the indicator. The goals for new users was not attained until 1995.

CYPs per year for key family NGOs.

The amount of CYPs achieved by both MEXFAM and FEMAP has been declining since 1993, from 542,001 to 440,916 in 1995. There are three very justifiable reasons for this decline and all are related to the implementation of sustainability strategies: 1) in order to decrease the costs of unnecessarily large networks of community promoters, those promoters who were no longer producing or who were no longer interested in working for the NGOs were dismissed; 2) when the NGOs began charging for their services, there was an obvious and expected drop in the number of clients; and 3) in an effort to reduce substantial costs and improve chances for sustainability, those affiliates or clinics not generating sufficient income or not providing services to sufficient amounts of users were closed, automatically reducing the number of clients being served. So, while the absolute number of CYPs has decreased, the data must be interpreted differently: in order to improve chances for sustainability, drastic measures were taken which automatically translated into fewer users. Consolidation of these efforts occurred in 1995, so it is very probable that the amount will begin to increase again in 1996.

Commercial sales of contraceptives per year.

This indicator and the source of data has been completely modified. In previous years, information was taken from a commercial sector information system, but did not reflect actual efforts by key NGOs. USAID/Mexico and the CAs decided a better measure of success in commercial sales was to use the information registered by the NGOs. New goals were set reflecting the economic crisis, and the actual results reflect a similar trend: a substantial drop in methods sold in 1994, but recovery began in earlier 1995. The goals were not attained in 1994 and 1995, but as with CYPs per year, the goal is expected to be reached in 1996.

Other important results include:

FEMAP:

- development of "Institutional Marketing Plan", describing data analysis, objectives, market analysis, marketing strategies (corporate image, management improvements, cost control and reduction, cost recovery, quality of services), and follow-up and evaluation. (SOMARC)
- evaluation and redefinition of corporate image for the Federation, performance of site assessments, determining of readiness for family planning services marketing, and support for product marketing. (SOMARC)

MEXFAM:

- testing the use of Continuous Quality Improvement techniques. (FPMD)
- development of a fully-integrated marketing strategy, including feasibility assessments, development of marketing plans specific to MEXFAM clinics, development of institutional image (logo), and carrying out of focus groups with

actual and potential clients. (SOMARC)

- continued support to social marketing activities in MEXFAM clinics, and increasing acceptance of social marketing strategy by MEXFAM personnel, and improved sales and service use in clinics.

- (fertility awareness): development of a fertility awareness educational model and training manual for young adults in schools and factories.

(Georgetown)

- (LAM): initiation of field program for introducing LAM into an established Community Distribution System as a model for the other affiliates of MEXFAM; development of project evaluation

plan; adapting of educational materials; training of all the MEXFAM coordinators and the promoters; and LAM introduction begun by the promoters. (Georgetown)

SSA:

- development of five-year communication strategy project and two one-year communication workplans and budgets; development of institutional capabilities to produce

state-of-the-art national communication materials; and development of strategies to address communication needs of special populations: indigenous groups, men, and adolescents. (PCS)

- development of posters, videos, pamphlets, and comics. (PCS)

ISSSTE:

- development of institutional capability to identify IEC needs among physicians and paramedical personnel to improve effectiveness of existing communication materials. (PCS)

- continued development of monthly bulletins for service providers. (PCS)

CONAPO-Schering:

- Beginning negotiations for contraceptive social marketing project with CONAPO, and presentation of project to USAID/Mexico. The main objective of the project is to increase the coverage of distribution, sale, and use of contraceptive methods through traditional and non-traditional points of sale.

CONAPO-Communication:

- after extensive audience studies, launching of mass media campaign through television, radio, and posters, and based on four basic messages: 1) postponing the age at first union, 2) delaying the first pregnancy, 3) increasing intervals between births, and 4) early termination of reproduction. See two examples of posters produced on following page. (Pathfinder International)

National No-Scalpel Vasectomy Programs

AVSC International has supported the three public sector service delivery institutions in establishing their National No-Scalpel Vasectomy Programs. SSA's National No-Scalpel Vasectomy (NSV) Program has 45 training and demonstration centers in all 32 states, with expanded services in 8 extension centers. IMSS began with a base of four "Centers of Excellence" in NSV in 1992, and with expanded training since, now has one training center in all the states. Likewise, ISSSTE has expanded NSV training and service from 3 demonstration centers established in 1992 to centers in all 32 states.

**"No es cosa
de suerte:
mi prima y
su esposo
decidieron
esperarse
para tener
un hijo"**



Planifica

es cuestión de querer

Consejo Nacional de Población

**En Clínicas y Centros de Salud
el servicio es gratuito.**

**"Estamos
contentos
con los hijos
que ya
tenemos".**



Planifica

es cuestión de querer

Instituto Nacional de Población

**En Clínicas y Centros de Salud
el servicio es gratuito.**

CONAPO-COESPOs:

- situational analysis of its State Population Councils and to help them to more clearly define the strategies and support required to improve the effectiveness and quality of population programs at the state level.
- assessment of the State level population boards (COESPOs) and development of a decentralization plan to strengthen the capacity of these COESPOs. (FPMD)



IMSS:

- continued development of IMSS institutional capability to test the effectiveness of existing midwife-client communication materials. (PCS)
- development of IEC strategy for adolescents. (PCS)

Pop/Env:

- increased institutional capacity for development of integrated programs on population and environment in the El Ocote rain forest area and the Calakmul Biosphere Reserve, through a community intervention program which integrates environmental, cultural and health issues.

d. Progress toward Intermediate Result No. 3: Increased sustainability of family planning delivery systems

Total annual Government of Mexico family planning budget.

The GOM's annual budget has increased steadily since the beginning of our collaboration with them in 1992, when USAID funds represented 15% of the GOM contribution. This figure has been decreasing since 1993, and in 1995, USAID provided only 4.9% of the total GOM contribution. No modifications were made to the planned or actual results, and figures in real and nominal pesos were added to show the effects of inflation in Mexico, most notable in 1995. The significant increase from 1994 to 1995 is due primarily to the additional funds over USAID funds that the GOM has expended for the "Planifica, es cuestión de querer" mass media campaign.

Percent of total costs recovered by key family planning NGOs.

An increasing amount of total costs recovered by MEXFAM and FEMAP is key to showing improved chances for sustainability. While FEMAP's planned and actual results were not changed, modifications were made to MEXFAM's to include in the denominator all inputs from USAID (Transition Project and CAs providing technical assistance and additional funds) since previous figures only include Transition Project funds. MEXFAM's planned results beginning 1996 were also changed to reflect the effects of the economic crisis, with recovery beginning in 1997. In general, FEMAP has made great strides in cost recovery, from 30% in 1993 to 56% in 1995. MEXFAM also shows an improvement from 16% in 1993 to 21% in 1995.

Dependence of key family planning NGOs on USAID funding.

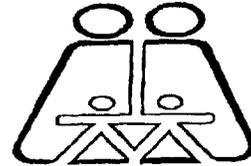
Another important measure of advances in sustainability is the relative importance of USAID funds to the overall NGO budgets. Similarly to the previous indicator, FEMAP's planned and actual results were not changed, but MEXFAM's now include in the denominator all inputs from USAID since previous figures only include Transition Project funds. MEXFAM's planned results beginning 1996 were also changed to reflect the effects of the economic crisis, with recovery beginning in 1997. The results of this indicator for FEMAP are somewhat disturbing in that their dependence on USAID funds have increased since 1993, but can be rationalized when considering that this is due primarily to the influx of SOMARC funds, which are being used to strengthen the institutional infrastructure. MEXFAM on the other hand, was on the downslope until 1994, when once again the economic crisis had an important impact on their dependence on USAID funds. Recovery in this area has been quicker, however, as shown by a decrease in 1995.

Other important results include:

FEMAP: introduction of cost analysis techniques used by all of the organization's affiliates, sparking both cost control and cost recovery efforts among these affiliates. (INOPAL and FPMD)

FEMAP:

- establishment of systems to evaluate sustainability strategies, and, as a result of the information collected, develop and implement institutional standards and norms concerning price of services, productivity of staff, and other organizational procedures. (INOPAL)
- initiation of plans for phase-out of contraceptive assistance, contraceptive logistics training, and formation of logistics team. (FPLM)



MEXFAM:

- development of systems to allow clinic staff to assess their performance and to make decisions concerning the achievement of the clinics' financial targets. (INOPAL)
- initiation of plans for phase-out of contraceptive assistance and training impact evaluation. (JSI)
- initiation of process of addressing clinic service delivery management issues related to productivity; review of new reporting formats; analysis of progress toward sustainability; and analysis of costing structure for the clinics. (FPMD)
- assessment of progress in clinic diversification activities in five of the ten MEXFAM clinics funded by the Transition Project, changing of institutional attitude with regards to the importance of achieving sustainability, initiation of process to change from an organization entirely dedicated to social tasks, to one with a business outlook, and formalization of organizational systems (programmatic, administrative, and financial). (IPPF/WHR)

SSA:

- delivery of an OR workshop with state-level managers to develop family planning operations research proposals for their local programs. (INOPAL)
- training of central, state, and jurisdictional level family planning program and warehouse managers in contraceptive logistics management. (FPLM)
- continued execution of a study, "Method-specific costs of family planning", to estimate the cost of family planning services (by method) within SSA. (FHI)

ISSSTE:

- development of an operations research program with ISSSTE to strengthen Service Delivery Expansion Support activities. (INOPAL)

3. Partner/Customer focus

Our partners in the population program are both the Cooperating Agencies providing technical and financial assistance, and the Mexican institutions, which are the recipients of this assistance. Both of these groups have had to suffer the consequences of re-engineering: more contact with USAID/Mexico! Besides the often daily telephone contact with the CAs, USAID/Mexico, the CAs with a presence in Mexico, and any visiting CA representatives meet once a month to review general advances in the population strategy, discuss each CAs' activities, and exchange ideas about positive experiences or obstacles faced. Participation with and feedback from our Mexican partners has increased substantially and synergies have improved overall program performance.

Re-engineering Takes Hold

It is human nature to want to have one's name on any educational materials produced, and our Mexican partners have been no different: until now! One year ago, an IEC Subcommittee was formed, and its members (our Mexican partners, the CAs, and USAID/Mexico) meet monthly to discuss and plan areas of collaboration in order to maximize resources. After sharing materials produced, and results of audience diagnoses and evaluations performed, concrete actions are now taking place. Two comprehensive packets, containing all IEC materials produced and audience research results, will be prepared to facilitate interchange and the four institutions will develop a flipchart for adolescents to test out the theory that collaborating is a worthwhile venture.

Whether this is due to a new openness that arrived with the Zedillo administration or to the cold reality that maximizing resources and collaboration are a necessity, all parties are benefitting. For example, in late 1995 during the yearly proposal preparation season, USAID/Mexico and the CAs participated in a series of lengthy meetings with IMSS, SSA, ISSSTE, and CONAPO to discuss ways to avert serious problems due to funding cuts and to assure achievement of the USAID/Mexico Population Strategy objectives. Participants offered insightful critiques into ways to strengthen each others' proposals, which led to productive negotiations about what should and should not be funded, and areas of duplication or low return on investment. In taking charge of the present process, USAID/Mexico's customers are assuring their chance for a viable future.

4. Participation of other donors

While USAID is the largest donor in Mexico in the area of reproductive health, other donors have important activities.

UNFPA: UNFPA is presently in the process of preparing their next five-year program (1997-2007), so they currently are not carrying out any activities. In their last strategy, however, they were working with SSA in strengthening family planning activities. With CONAPO, UNFPA supported activities related to the Cairo and Beijing international conferences, advocacy, education in population, and population policy. Lastly, UNFPA supported two NGOs: MEXFAM, in reproductive health and CORA, in adolescent maternal and child health. There is an outstanding opportunity for collaboration with UNFPA, which was recently reaffirmed when USAID/Mexico and the participating CAs met with UNFPA Mexico, Chile, and New York representatives to discuss our program. Possible areas of collaboration include measuring impact of donor activities and financing of reinforcing actions and/or complementary actions.

Rockefeller Foundation and UNFPA: These two donors are involved in the Partners in Population and Development initiative (South-South) here. Mexico is one of the ten developing countries in this program due to its successful family planning program and the expertise of its people in this area. The objectives of this government-to-government collaboration is to promote the diffusion of successful experiences in the areas of reproductive health and family planning, and offer theoretical and practical training to executive personnel and service providers in Latin America and the Caribbean. The areas to be covered include reproductive health policy, program management, information, education, and communication, family planning program management, adolescent programs, and perinatal care. SSA's International Projects Division has explored with USAID/Mexico the possibility of financing training participants and other possible areas of collaboration.

Japanese International Cooperation Agency: Currently, JICA is carrying out a family planning and maternal and child health Technical Cooperation Project with SSA. While project leaders are in the Federal District, the project sites are in Guerrero and Veracruz. In Costa Grande, Guerrero, training of SAS, AS, and midwives, community medical visits, and workshops for developing IEC materials are supported financially and technically. In San Andrés Tuxtla, Veracruz, JICA supports provision of equipment and training in the areas of maternal and child health and family planning. USAID/Mexico has been in close contact with officials at the Japanese Embassy and JICA personnel to discuss our Population Strategy and the objectives of our public and private sector programs and to determine areas of collaboration.

British Overseas Development Administration: USAID/Mexico met with ODA officials from Mexico and London to discuss contraceptive assistance. Their most recent contraceptive commodities donation was a one-year supply to SSA, through UNFPA. Although they have no plans for additional contraceptive donations to Mexico, they have demonstrated a willingness to investigate other funding possibilities.

5. Gender

In Mexico, three million homes, with a total of 10 million residents, are headed by women. Seventeen percent of women over 12 years were working in 1970, and in 1995, 30 of every 100, but they are still primarily working at jobs with lower income, productivity and importance, and are still overloaded with domestic responsibilities. Fifteen of 100 women 15 years and older are illiterate, and 2 of 3 illiterate adults are women. Lastly, beginning at age 10, girls' participation in school begins to decline at a faster rate than that of boys, and is especially pertinent at

intermediate grades and higher.

On a national level, **Mexico is committed to confronting the problems faced by women.** This country's National Women's Program 1995-2000 was developed after this country's participation in the IV World Conference on Women in Beijing. In it, the situation of women in Mexico in terms of education, health, economic participation, and poverty, is clearly outlined, and the challenges the entire country must meet in order to improve the status of women are listed: overcome the educational lags women face and improve their educational opportunities, guarantee women's access to integrated health services, strengthen women's skills and promote their participation at all levels and in all spheres of decision-making, defend and protect women's rights, prevent and eliminate violence against women, combat the poverty that afflicts women, support working women, foment a more equitable distribution of domestic and external responsibilities between men and women, recognize and value the contribution of women's unpaid labor to the economy and well-being of the family, and promote the elimination of stereotypical images of women.

The specific activities listed in the National Women's Program will be implemented by an Advisory Council made up of government and NGO sector leaders. The strategies to be used include **planning with a gender focus, coordination and collaboration, decentralization, legal and institutional development, and follow-up and evaluation.** Within the USAID/Mexico Population Strategy, several of the specific activities are already being supported, such as, among others, strengthening the technical capacity of health service providers in providing specific services and counseling for women, protecting the rights of women and men to decide the number and spacing of their children, supporting the reduction of maternal and child health through better access to information and counseling, prenatal, perinatal, and postnatal care, and postpartum contraception, improving the quality of family planning and reproductive health services, and assuring the availability of a wide range of contraceptive methods.

Improving Reproductive Health Services in the Postabortion Period

In February 1996, IPAS organized a USAID-sponsored workshop entitled "Postabortion Care Strategies in Mexico". Participants included our 6 Mexican partners, 8 CAs and other international donors working toward similar strategic objectives (UNFPA, JICA, UNICEF, and PAHO). The Mexican institutions presented the current status of postabortion family planning, which was followed by a substantial interchange of experiences. Once the framework was established, the participants split up into small groups and designed strategies for strengthening reproductive health and family planning services in the postabortion period within the USAID/Mexico subprojects.

6. Summit of the Americas

In the last year, **Mexico has taken great strides in moving toward greater democratization**, especially in the health sector, as shown by the plans to streamline the system and assure that all sectors of the population, especially women and indigenous populations, have equal access to services. The issues regarding both of these groups and the National Programs designed to serve them have already been addressed above and respond to the third mandate of the Summit of the Americas: to eradicate poverty and discrimination in our hemisphere.

Other major reforms are taking place in Mexico, however, and respond to the first mandate: to preserve and strengthen the community of the democracies of the Americas "by the modernization of the state, including reforms that streamline operations, reduce and simplify government rules and procedures, and make democratic institutions more transparent and accountable", as well as promoting "fuller participation of our people in political, economic and social activity". This is manifested in Mexico through the current reform of the National Health System, the most important aspect of which is decentralization. **This reform, being carried out to combat deficiencies in services, consists of 4 major activities:**

1. The reform of the General Law of the Mexican Social Security Institute. This occurred in 1995 and could possibly lighten the service load in the Institute by developing a sort of private social security system.

2. The creation in the Ministry of Health of a "Basic Health Services Package" that will include the following services: primary health care, diarrhea prevention, identification of acute respiratory infections, prevention and control of tuberculosis, high blood pressure, and diabetes, vaccinations, infant nutrition, and family planning. Ten million uninsured Mexicans will benefit from these health packages.

3. The conversion of SSA to a normative institution dedicated to supervision of medical services throughout the country.

4. Decentralization. The decentralization process began over 10 years ago, but never functioned correctly due to problems with lack of resources and materials, subutilization of services, lack of coordination, and modifications to the system based on political criteria. In 1994, one of President Zedillo's campaign promises was to implement decentralization to "combat inefficiencies and inequalities, to reduce the high costs of centralized bureaucracy and reassign responsibilities to be able to demand specific results from state level personnel." For the health sector, this would imply that nationwide 11,000 clinics and hospitals, 35,000 physicians, 53,000 nurses, and 19,000 administrative employees would be overseen by state governments, which would then be responsible for traditionally-centralized management of hospital infrastructure, maternal and child health, and family planning.

7. Results of evaluations performed

Both 1995 and 1996 have been, and will continue to be, an important period for evaluating the USAID/Mexico Population Strategy. The results and recommendations described below are taken from the final reports prepared for each evaluation.

a. Review of USAID Population Assistance to Mexico

In July 1995, Elizabeth Maguire, John Coury, and Anne Wilson visited Mexico to review USAID population assistance to Mexico. They met with both public and private sector partners, and made field visits to Puebla and Oaxaca.

Public sector: The group recommended promotion of greater method mix, including no-scalpel vasectomy and introduction of injectables; continued strengthening of inter-institutional collaboration and coordination at all levels, especially through the Operations Coordinating Committee; and continued strengthening of public/private sector partnerships, especially in reaching target populations. Other recommendations include increasing the emphasis already being given to postpartum and postabortion family planning, expanding operations research opportunities, developing strategies for adolescents, men, and IEC, and increase commercial sector partnerships. Lastly, the group concurred with the extension of the public sector assistance until June 30, 1998 and the mid-term review was tentatively slated for June-July 1996.

Progress to date in implementing recommendations: Many new activities began in 1995 that address the issues brought up during this visit, such as the new collaboration project with MEXFAM and IMSS-Solidaridad and the CONAPO initiative for training commercial family planning providers.

Private sector: The group was pleased with MEXFAM and FEMAP's commitment to: improve management, implement activities aimed at cost effectiveness and improved service delivery, explore and implement innovative approaches to providing services to the community, increase self-sufficiency through testing a variety of income-producing schemes, and continue strengthening public/private sector partnerships. **They did however recommend to maintain family planning as the centerpiece of diversified service programs; and continue to monitor and adjust program activities in order to optimize achievement of sustainability goals.** As with the public sector, the private sector mid-term review plans were discussed, as were the plans for the development of a contraceptive phase-out plan.

Progress to date in implementing recommendations: With technical assistance from the CAs, both NGOs have been actively working toward improving their chances for sustainability.

b. Review of USAID Contraceptive Assistance to MEXFAM and FEMAP

As a follow-up to one of the suggestions during the July review, Carl Hemmer and Nora Quesada (JSI) visited Mexico in September 1995 to discuss USAID's contraceptive assistance to MEXFAM and FEMAP.



MEXFAM: The visiting team's conclusion for MEXFAM was that **contraceptive assistance should be continued through June 1997** since USAID support will be provided until that time, and withdrawing our support now would imply that MEXFAM would have to purchase their own methods in these last years of USAID funding. They did however, make a series of recommendations for MEXFAM, some of them difficult, for October 1995 to June 1997: programs that offer the best opportunities for sustainability should be consolidated, cost reduction should be pursued, analysis of service statistics and costs of the CSMs and social programs should be a continuing activity, and MEXFAM's donations of contraceptives to Mexican government family planning programs should end.

FEMAP: The team concluded that **FEMAP should also continue to receive contraceptive assistance until termination of USAID financial support** in order to allow FEMAP more time to consolidate their income-generating activities and product marketing and place them in a better position for phase-out. Recommendations for action in the final years of the Transition Project include assessing the current system for gathering affiliate cost and income data, improving data analysis for management decisions, and initiate discussions with USAID suppliers regarding FEMAP's future needs for direct procurement.

Progress to date in implementing recommendations: Preparing for contraceptive commodities phase-out has begun with both NGOs.

c. Mid-Term Review of Private Sector Component

In March 1996, the mid-term review of the private sector population strategy was carried out by a POPTECH team.

MEXFAM: The key finding is that by the end of the Transition Project, **the CSMs will not be the income-generating mechanism that replaces USAID funds as originally thought, so their social programs, and even some of the CSMs, are vulnerable to significant cut-backs.** The recommendations made include: near-elimination of low-impact/high cost activities such as the Industry program (PIN) and the Program of Technical Cooperation (PCT) with other agencies; initiation of a rigorous strategic planning process; a one-year no-cost extension of the Transition Project so that MEXFAM can address the phaseout challenge in a methodical and least-disruptive manner; continued USAID contraceptive assistance to MEXFAM during this extended period; and assistance to MEXFAM in initiating discussions with commercial vendors of contraceptive products.

FEMAP: The evaluating team observed that **FEMAP is probably less vulnerable to reductions in USAID funding since it is a de-centralized network of largely autonomous and self-supporting organizations**, and that the assistance provided has been useful in transferring technology to the Federation. The team recommended that FEMAP use the additional year of the Transition Project to continue discussions with commercial vendors.

Progress to date in implementing recommendations: MEXFAM began their strategic planning process in April 1996 with IPPF/WHR and external consultants. USAID/Mexico and USAID/Washington will continue discussions with commercial vendors.

d. Progress Review of the USAID Public Sector Population Strategy

In the summer of 1996, USAID will carry out the "Progress Review of the USAID Public Sector Population Strategy". The purpose of the Review is to ascertain progress toward achievement of USAID/Mexico's Strategic Objective and intermediate results, and obtain the information necessary for modifying the public sector strategy if

needed and for developing a strategic plan for the remainder of the strategy. The effectiveness of public sector program management, coordination mechanisms, and subprojects developed will be also be assessed. Currently, the scope of work is being finalized for presentation to the Operations Coordinating Committee in mid-May for their comments. Once the final scope of work is prepared, the task of information gathering will begin and a comprehensive report will be presented to the Review Team. The three week visit in July will combine work here in the Federal District and field visits to the priority states. The results will be used to guide Pathfinder and the other CAs working in the public sector in planning the final two years of the public sector strategy.

8. Expected Progress in FY1997

In FY1997, the USAID/Mexico Population Strategy will continue to focus on planning for phase-out in 1998. The outlook for the public and private sectors, and the focus of efforts, are very different, and range from last-ditch to smooth transition. In the public sector, the focus will be on consolidating the activities presently being carried out, making the transition to 100% GOM (or other donor) funding, and performing the final transfer of technology so valued by the Mexican institutions. The private sector efforts, however, will be focused on continuing to assist the NGOs in best preparing for the withdrawal of their most important donor. Since progress of the indicators by results package has already been discussed, see below expected subproject activities by results package.

a. Intermediate Result No. 1: Increased availability of quality family planning services in target areas

SSA, IMSS, and ISSSTE: development of on-going operations research projects, and development and implementation of four operations research project proposals, including the development and testing of an in-service Diploma graduate course in Management of Reproductive Health programs with the National Public Health Institute, development and testing of a strategy for strengthening family planning services in the most population and most marginalized municipalities of Mexico with SSA, and conducting a diagnostic study of reproductive health services at IMSS.

SSA:

- continuation and integration of a CQI program. (MSH)
- continued support of National No-Scalpel Vasectomy Program: establishment of training centers throughout the country in first and second level facilities, training of service providers in counseling, design and production of educational materials. (AVSC)
- continued support of National Postpartum Program: continue efforts to increase postpartum coverage through training of service providers in postpartum IUD insertion and BTO with local anesthesia and sedation, and provision of necessary equipment. (AVSC)
- training of paramedical personnel in reproductive health and family planning service delivery, and training evaluation.

IMSS:

- continue supporting IMSS service extension activities, such as "reproductive health sessions", and BTO and NSV in rural hospitals and medical units, through training of personnel and provision of equipment. (Pathfinder International)
- research regarding adolescents: barriers to obtaining reproductive health services from clinics and quality of provider services for adolescents. (FHI)

ISSSTE:

- continued support to ISSSTE modern method service delivery through provision of equipment and training of medical and paramedical personnel in BTO and NSV. (Pathfinder International)

b. Intermediate Result No. 2: Increased demand for family planning services

MEXFAM

- (fertility awareness): implementation of the model in Gente Joven programs in six states, providing young adults with a context through which they could increase their knowledge and understanding about their own bodies and

their reproductive potential. (Georgetown)

- (LAM): continued offer of LAM to promoters' clients, and determination of the integration of LAM into MEXFAM's services, the introduction of LAM into the user population, and the acceptance of another family planning method in a timely manner following LAM use. (Georgetown)

SSA:

- consolidation of IEC efforts to date. (PCS)

IMSS:

- establishment of an adolescent IEC program in IMSS, including audience research, logo and slogan development, and radio program implementation. (PCS)



ISSSTE:

- production and distribution of bulletin for ISSSTE service providers. (PCS)

CONAPO-Communication:

- training workshop for state-level personnel in communication and evaluation strategy design and implementation skills.

CONAPO-Schering:

- implementation in collaboration with SOMARC one operations research project to increase the role of pharmacies and private physicians in the delivery of contraceptive methods. (INOPAL)

c. Intermediate Result No. 3: Increase sustainability of family planning delivery systems

SSA:

- conclusion of logistics activities, training of state-level personnel in remaining priority states, and promotion of South-South technical assistance and information exchange. (FPLM)

IMSS:

- initialization of training needs assessment and training of central and state level personnel in logistics management. (FPLM)

MEXFAM and FEMAP:

- continued training in contraceptive logistics management, review of institutional registration forms, supervision visits, and preparation of logistics manual. (FPLM)

SSA:

- termination of study on method-specific costs of SSA family planning services, and resumption of negotiations with public sector family planning players in order to begin the cost study "Estimating the funding and expenditures of the Mexican Population Program". (FHI)

9. Expectations for FY1998 and beyond

Despite considerable declines in fertility rates and annual growth rates, several segments of Mexico's population remain underserved by family planning and reproductive health services -young adults, people in rural areas, and men- and will most likely represent the second greatest challenge to the population program after the economic crisis gripping the country.

When asked to present a wish list for achievements by the end of FY1998, the public sector CAs were realistic, yet hopeful that our Mexican partners will consolidate and institutionalize the strategies and activities begun in the 1992-1998 period. We also envision fulfilled demand for postpartum and postabortion family planning, complete

integration of counseling into information services provided by institutional personnel, consolidation of the training and IEC areas, improvement in the quality of services, and an even greater amount of interinstitutional collaboration.

The private sector CAs still express hope that partial institutional sustainability can be achieved through the implementation of productive medical units, and foresee the maintenance of an ample network of rural and urban volunteer promoters to promote family planning, and the establishment of the largest network of social community medicine in the country in urban marginal zones.

Strategic Objective No. 3 Program Tree

Mexico
Agency Goal: Sustainable increase in contraceptive prevalence
Strategic Objective No. 3: Sustainable increase in contraceptive prevalence
SO Indicator: Percentage of married women of reproductive age using contraception

Intermediate Result No. 3.1 Increased availability of quality family planning services in target areas	Intermediate Result No. 3.2 Increased demand for family planning services	Intermediate Result No. 3.3 Increase sustainability of family planning delivery systems
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Indicators	Indicators	Indicators
1. No. of service delivery points in target areas and percent providing family planning services	1. No. of new users of public sector family planning services per year	1. Total annual Government of Mexico family planning budget
2. No. of providers of health services in target areas and percent providing family planning services	2. CYPs per year for key family NGOs	2. Percent of total costs recovered by key family planning NGOs
3. No. of people trained per year in family planning service provision in target areas	3. Commercial sales of contraceptives per year	3. Dependence of key family planning NGOs on USAID funding
4. Percentage of non-use related to lack of knowledge of family planning methods.		
5. Percentage of clients reporting sufficient time with the service provider before receiving a family planning method.		

Mexico				
STRATEGIC OBJECTIVE NO. 3: Sustainable increase in contraceptive prevalence				
Indicator #1: Contraceptive prevalence				
Unit: Percent of married women of reproductive age using contraception		Year	Planned	Actual
Source: Government of Mexico demographic surveys	Baseline	1992	60.0%	63.1%
Comments: Target areas are the priority states identified in the USAID/Mexico population strategy: Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz. This figure represents the percent of married women of reproductive age (15-49 years old) using a contraceptive method. The target year is changed from 1997 to 1998.		1993		
		1994		
		1995		67.7%
		1996		
	Target	1997		
		1998	68.7%	

Mexico				
PROGRAM OUTCOME NO. 3.1: Increased availability of quality family planning services in target areas.				
Indicator: (1) Total number of service delivery points in target areas and the percentage in which family planning services are available.				
Unit: Number and percent		Year	Planned	Actual
Source: GOM demographic survey for 1992 baseline; for other years it will be GOM annual reports for the public sector, and key NGO annual reports.	Baseline	1992	29,191	32,621
Comments: Target areas are a) for the public sector, the priority states identified in the USAID/Mexico population strategy (Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz), and b) project sites of key NGOs. This figure represents the number of service delivery points in the target areas where family planning services are provided, including a) for the public sector, general hospitals, outpatient clinics, and the homes of the health auxiliaries and midwives, considered to be first level medical units as well, and b) for the private sector, hospitals, diversified clinics, outpatient consultation clinics, community medical units, community physicians, and the homes of coordinators and promoters. The only service delivery points in the target areas that do not provide family planning services are the third-level hospitals of the public sector, which represent less than 1% of the total number of units in all cases. Family planning services are provided in 100% of the first and second-level units of the public and private sectors. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.		1993	29,891	32,516
		1994	31,084	32,428
		1995	31,691	27,546
		1996	29,372	
		1997	30,900	
	Target	1998	32,724	
Indicator: (2) Total number of providers of family health services and the percentage who provide family planning services in target areas.				
Unit: Number of people and percent		Year	Planned	Actual
Source: GOM annual reports for the public sector and key NGO reports.	Baseline	1992	89,371	98,625
Comments: Target areas are a) for the public sector, the priority states identified in the USAID/Mexico population strategy (Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz), and b) project sites of key NGOs. The total number of providers and the percent who provide family planning services was not measured until the ENAPLAF, so the indicator only includes those providers offering family planning services (general physicians, gynecologists, nurses, auxiliary nurses, social workers, health auxiliaries, midwives, and volunteer promoters). Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.		1993	100,380	107,786
		1994	108,422	111,935
		1995	115,189	110,805
		1996	117,700	
		1997	122,353	
	Target	1998	128,021	

Mexico				
PROGRAM OUTCOME NO. 3.1: Increased availability of quality family planning services in target areas.				
Indicator: (3) Number of people trained per year in family planning service provision in public sector target areas				
Unit: Number of people		Year	Planned	Actual
Source: GOM annual reports for public sector	Baseline	1992	50,000	
<p>Comments: Target areas for the public sector are the priority states identified in the USAID/Mexico population strategy (Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz). This figure represents the number of people trained in family planning and reproductive health in IMSS, ISSSTE, and SSA with USAID population assistance funds. FEMAP and MEXFAM training efforts are no longer included because this data is not tracked in their management information systems. This indicator is a proxy indicator that measures quality of family planning services available because training imparts technical skills, information on a wide range of topics, and communication and counseling skills to people who provide family planning. All of these aspects improve the quality of services made available. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.</p>		1993	1,000	422
		1994	6,000	4,440
		1995	12,000	12,216
		1996	14,000	
		1997	6,000	
	Target	1998	2,000	
	Indicator: (4) Percentage of non-use related to lack of knowledge of family planning methods.			
Unit: Percent of women at risk for a pregnancy who do not desire children		Year	Planned	Actual
Source: 1992 and 1995 GOM demographic surveys.	Baseline	1992		20.3%
<p>Comments: Target areas are the priority states identified in the USAID/Mexico population strategy: Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz. This indicator was chosen as an indicator for quality because it demonstrates the efforts of family planning service delivery institutions and service providers in informing users of family planning methods. Baseline information is available for 1992 from the ENADID, and the same indicator was measured in 1995 (ENAPLAF). The target year is 1998.</p>		1993		
		1994		
		1995		12.1%
		1996		
		1997		
	Target	1998		9.0%

Mexico

PROGRAM OUTCOME NO. 3.1: Increased availability of quality family planning services in target areas.

Indicator: (5) Percentage of clients reporting sufficient time with the service provider before receiving a family planning method.

Unit: Percent of current users		Year	Planned	Actual
Source: Government of Mexico demographic surveys	Baseline	1992		
Comments: Target areas are the priority states identified in the USAID/Mexico population strategy: Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz. This figure represents the percent of current users who stated that the service delivery provider dedicated sufficient time to providing information on family planning before supplying her with a method or a prescription for a method. The target year is 1998.		1993		
		1994		
		1995		Pub. sector: 52.2% Priv. sector: 61.1%
		1996		
	Target	1997		
		1998		Pub. sector: 60.0% Priv. sector: 66.0%

Mexico				
PROGRAM OUTCOME NO. 3.2: Increased demand for family planning services				
Indicator: (1) Number of new users of public sector family planning services per year				
Unit: Number of users (people)		Year	Planned	Actual
Source: GOM annual reports	Baseline	1992	1,000,000	946,950
Comments: Target areas for the public sector are the priority states identified in the USAID/Mexico population strategy (Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz). This figure represents the number of clients who received a family planning method for the first time through the service delivery points of the IMSS, ISSSTE, and SSA. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.		1993	975,000	928,879
		1994	1,060,000	978,863
		1995	1,100,000	1,367,600
		1996	1,150,000	
		1997	1,200,000	
	Target	1998	1,400,000	
Indicator: (2) CYPs per year for key family planning NGOs				
Unit: CYPs (Couple Years of Protection)		Year	Planned	Actual
Source: Key NGO reports (MEXFAM and FEMAP)	Baseline	1992		539,395
Comments: Target areas for the private sector are the projects sites of the key NGOs (FEMAP and MEXFAM). Data on couple years of protection achieved per year is presented as a proxy measure of "met" demand. Couple years of protection will be calculated using widely accepted standards. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.		1993		542,001
		1994	398,873	522,356
		1995	577,981	440,916
		1996	614,264	
		1997	651,495	
	Target	1998		

Mexico				
PROGRAM OUTCOME NO. 3.2: Increased demand for family planning services				
Indicator: (3) Commercial sales of contraceptives per year				
Unit: CYPs (Couple Years of Protection)		Year	Planned	Actual
Source: Key NGO financial reports (MEXFAM and FEMAP) and CA reports.	Baseline	1992	432,532	442,347
Comments: These figures represent the amount of commercial sales of contraceptives per year by the key NGOs (MEXFAM and FEMAP), expressed as CYPs. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.		1993	602,011	628,366
		1994	424,164	305,953
		1995	533,573	425,270
		1996	496,200	
		1997	528,417	
	Target	1998	551,610	

Mexico						
PROGRAM OUTCOME NO. 3.3: Increased sustainability of family planning delivery systems						
Indicator: (1) Total annual Government of Mexico family planning budget						
Unit: nominal and real pesos, and real U.S. dollars		Year	Planned (Real US\$)	Actual (Real US\$)	Actual (Real Mex\$)	Actual (Nominal Mex\$)
Source: GOM annual reports	Baseline	1992	50,000,000	63,200,000	196,893,280	196,893,280
Comments: This indicator tracks sustainability by indicating continued government support of family planning services. The GOM provides approximately 60% of family planning services in Mexico, and if funding for these services is secure, it shows some measure of sustainability. The GOM has affirmed its commitment to maintain and actually increase the budget for family planning services in the USAID/Mexico population strategy document. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.		1993	54,000,000	87,200,000	270,834,480	246,213,164
		1994	97,000,000	104,640,000	347,928,000	290,448,284
		1995	110,000,000	336,400,000	2,048,070,480	1,097,731,882
		1996	125,000,000			
		1997	140,000,000			
	Target	1998	160,000,000			

Mexico

PROGRAM OUTCOME NO. 3.3: Increased sustainability of family planning delivery systems

Indicator: (2) Percent of total costs recovered by key family planning NGOs

Unit: Percent

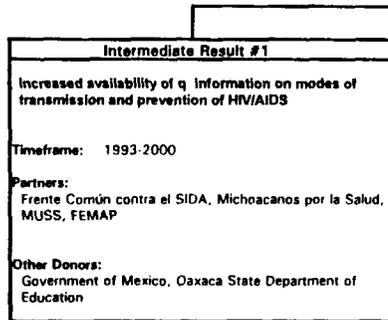
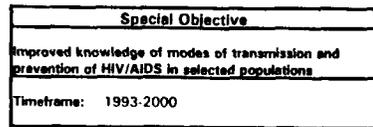
Source: Key NGO financial reports (MEXFAM and FEMAP) and CA reports

Comments: This indicator tracks long-term sustainability of the two key family planning NGOs (MEXFAM and FEMAP) that provide approximately 90% of the NGO sector services in Mexico. Costs provided by USAID are considered to include IPPF/WHR funds, as well as those of the CAs providing other financial and technical assistance. The greater degree of cost-recovery, the more likely that NGO services will be sustained in the long run. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.

	Year	Planned	Actual
Baseline	1992	FEM: MEX:	FEM: N/A MEX: 10.57
	1993	FEM: MEX:	FEM: 30.34 MEX: 16.41
	1994	FEM: 33.28 MEX: 19.70	FEM: 30.41 MEX: 17.36
	1995	FEM: 28.08 MEX: 29.50	FEM: 56.00 MEX: 21.00
	1996	FEM: 33.30 MEX: 24.60	FEM: MEX:
	1997	FEM: 34.04 MEX: 27.18	FEM: MEX:
	Target	1998	FEM: 42.00 MEX: 29.75

Mexico				
PROGRAM OUTCOME NO. 3.3: Increased sustainability of family planning delivery systems				
Indicator: (3) Dependence of key family planning NGOs on USAID funding				
Unit: Percent of key NGO budget supplied by USAID/Mexico		Year	Planned	Actual
Source: Key NGO financial reports (MEXFAM and FEMAP) and CA reports	Baseline	1992	FEM: MEX:	FEM: N/A MEX: 44.6
<p>Comments: This indicator provides a measure of financial sustainability of the NGO sector in the more medium term. The aspect of financial sustainability being tracked is the dependence of the NGO sector on USAID funding, as measured by the percent of the NGO budget that is supplied by USAID. Resources provided by USAID are considered to include IPPF/WHR funds, as well as those of the CAs providing other financial and technical assistance. Data are only provided for the two key NGOs (MEXFAM and FEMAP) that USAID supports, and which represent approximately 90% of the NGO sector family planning activity in Mexico. Success in this indicator shows that NGOs are diversifying funding sources and lessening their dependence on USAID, which will improve their chances for sustainability after the USAID/Mexico program phases out. Explanations for modifications to planned and actual results are in the narrative, as are explanations for increases and/or decreases in actual results. The target year is changed from 1997 to 1998.</p>		1993	FEM: MEX:	FEM: 52.51 MEX: 37.98
		1994	FEM: 66.58 MEX: 30	FEM: 62.90 MEX: 42.60
		1995	FEM: 46.04 MEX: 20	FEM: 69.00 MEX: 36.85
		1996	FEM: 33.99 MEX: 29.68	FEM: MEX:
		1997	FEM: 34.14 MEX: 26.63	FEM: MEX:
	Target	1998	FEM: 25.00 MEX: 22.43	FEM: MEX:

RESULTS FRAMEWORK
SPECIAL OBJECTIVE: HIV/AIDS

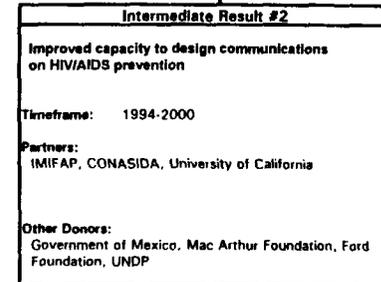


Major Activities:

- AIDS community education in Oaxaca State
- University students as replicators of information in Michoacán state
- Health education and AIDS prevention with maquila (in-bond) industry workers

Critical Assumptions:

1. No further significant devaluations of the peso.
2. Continued support from GOM for AIDS prevention activities.
3. Decentralization of reproductive health and family planning services.
4. Continued institutional stability of CONASIDA.



Major Activities:

- Study on sexual behavior and AIDS prevention
- Training in communication for AIDS prevention

Critical Assumptions:

1. No further significant devaluations of the peso.
2. Continued support from GOM for AIDS prevention activities

E. Special Objective: Improved Knowledge of Modes of Transmission and Prevention of HIV/AIDS in Selected Populations

1. The Results Framework

a. AIDS in Mexico - an overview

Mexico is second only to Brazil in the number of reported AIDS cases in Latin America and the Caribbean. Taking into account time lags and underreporting, the National Council for AIDS Prevention and Control (CONASIDA) estimates that 38,000 Mexicans have AIDS or have already died from the disease. Based on sentinel surveillance in 18 cities, there are an estimated 150,000-200,000 carriers of HIV Mexico. Although the first cases in Mexico were documented in men who have sex with men (MWM), heterosexual transmission accounts for a rapidly increasing proportion of cases (35.2 per cent in 1995 compared with 21 per cent in 1994) with a corresponding increase in perinatal transmission. AIDS is currently the fourth cause of death among Mexican men between the ages of 25 and 34. **For women in the same age group, AIDS is among the 10 principal causes of death; eight years ago it did not appear in the top twenty.**

b. Emerging issues

Gender

The first cases of AIDS in Mexican women were traceable to blood transfusions. Cases associated to heterosexual transmission began to appear in 1986, and in 1995 accounted for **74 percent of cases reported in women.** In addition to the greater biological vulnerability to HIV which all women share, Mexican women are at increased risk because of cultural and social factors which hamper their ability to assess their own risk and to negotiate adequate preventive measures with their partners. This situation is even more disadvantageous to rural women, especially indigenous women, and together with the trend toward ruralization of the AIDS pandemic in Mexico signal a potential for marked demographic and social consequences.

Migration

While most Mexicans infected with HIV acquired the disease locally, 25 per cent of rural cases are migrants who have lived in the U.S. It is estimated that about 3 million undocumented Mexican workers travel to the U.S. each year in search of work. According to the records of the Mexican postal service, their remittances home total \$5 billion a year, and constitute Mexico's most important source of foreign exchange after petroleum. The migratory flow between Mexico and the U.S. is an historical phenomenon established over generations and directly linked to economic factors. **Since the onset of Mexico's worst economic crisis in December 1994, illegal migration to the U.S. is estimated to be up by 25-30%.** Given the continuing economic recession, established historical migration patterns, and the growing sophistication of international migrant smuggling rings, there is every reason to believe that this phenomenon will continue, and probably increase. Moreover, Mexico itself is a country of destination, and transit, for undocumented migratory flow, principally from Central America (100,000 apprehensions in 1995).

Mexican migrants to urban areas and the U.S. confront cultural and psychosocial conditions which predispose them to high risk behaviors. Moreover, they are engaging in these behaviors in locations where seroprevalence is considerably higher than in their place of origin. This phenomenon is contributing to the ruralization and heterosexualization of HIV/AIDS in Mexico, and constitutes a distinct, and parallel, epidemic which started later and is spreading faster than the original epidemic.

Migratory flow to the U.S. from Mexico incorporates increasing numbers of Central and South Americans transiting Mexico to reach the U.S. On Mexico's southern border, most commercial sex workers are illegal migrants from Central America who remain in the area for 2-3 months to earn money to travel north. Their clients are typically from highly mobile groups: military personnel, migrants, and truckers travelling the Pan American highway. The combination of commercial sex, migration, mobility, and poverty which characterize the area makes it a focal point for the expansion of HIV/AIDS throughout the Americas.

c. Development hypothesis

The principal hypothesis underlying the results framework is that improved knowledge supports the adoption of preventive measures against HIV infection, and will reduce the stigmatization and marginalization of those already infected. The hypothesis is consistent with the program approach, described in the Agency's Strategic Framework

and Indicators, 1995-1996, of improving the host country environment for the expansion and adoption of STI/HIV prevention policies, services, and practices. The Mexico program emphasizes the importance of accurate information dissemination in HIV/AIDS. Activities are carried out by Mexican non-governmental organizations (NGOs), although we have also supported the Council for the Control and Prevention of AIDS (CONASIDA) with training and technical assistance in communications. USAID/Mexico aims to continue to play a catalytic role in HIV/AIDS prevention in Mexico by working with NGO partners with credibility and access to specific communities, and the ability to leverage scarce resources from other donors to achieve maximum impact in targeted high risk areas.

2. Summary/analysis of data

a. Progress toward Special Objective

Quantitative data on levels of knowledge on modes of transmission and prevention of HIV/AIDS are not available for this report, but several proxy measures exist by which to measure progress.

An external evaluation, sponsored by the Pan American Health Organization (PAHO), of HIV/AIDS prevention and control activities in Mexico from 1990-1994, identified an important increase in the level of information and knowledge among the general public about sexual transmission of HIV.

Lacking a sufficient budget to carry out knowledge, attitude and practices (KAP) surveys or public opinion polls, CONASIDA has tracked calls to TELSIDA (the national AIDS hotline) as an evaluation tool to assess awareness and level of information on HIV/AIDS. **Calls to TELSIDA have increased every year: 26,800 in 1992, 31,500 in 1993, and 74,200 in 1994.** TELSIDA operators report a higher level of information and complexity of inquiries in callers in 1995 as compared to two years ago.

CONASIDA conducted key informant interviews with intellectuals, heads of NGOs, and public opinion leaders. The key informants perceived an increase in knowledge of HIV/AIDS in Mexico, but recommended that in the future information be more target audience specific.

La Caminata Por La Vida

The Frente Común feared that the new mayor from the conservative opposition party might negatively affect their ability to hold their most important annual event and fund-raiser - la Caminata Por La Vida - a 10 kilometer march through the city of Oaxaca. Members of the Frente Común called on the mayor and convinced him not only to drop any opposition to the march, but also to participate in it himself.

In coordination with its development partners, USAID/Mexico follows a two-pronged approach to achieving this Special Objective: (1) increasing availability of information on modes of transmission and prevention of HIV/AIDS, and (2) improving capacity to design communications on HIV/AIDS.

b. Progress toward Intermediate Result No. 1: Increased availability of information on modes of transmission and prevention of HIV/AIDS

The PAHO evaluation called for more social communication in areas outside Mexico City. **USAID/Mexico works with community-based NGOs in the states of Michoacán and Oaxaca.** Both states have large indigenous populations, high poverty rates, and a large segment of the population migrates seasonally to the U.S. for economic reasons. According to sentinel surveys conducted in Michoacán in 1991 and 1995, seroprevalence in MWMs went from 3.6% to 12.7%, and in heterosexual men from 0.86% to 3.4%. At least 50% of cases are migrant-related. With support from USAID/Mexico and a local university, Michoacanos por la Salud y contra el SIDA (MUSS) trains student volunteers as replicators of information in communities where migrants and their families live. In the past year, MUSS trained 242 people as replicators who gave 250 talks attended by 9,740 people in 175 communities. They distributed 13,783 condoms. Many of the communities are ejidos (communally owned agricultural units) not accessible by modern means of transportation.

In Oaxaca, USAID/Mexico's NGO partner is the Frente Común contra el SIDA. This group has garnered a wide cross section of community support, including that of the conservative mayor of Oaxaca and several Catholic institutions. It runs an information center serving an average of 60 people a day. Volunteers go to schools, prisons, factories, churches, hospitals, and rural communities to give informational talks and distribute condoms.

Over the past year, they gave 1,469 talks attended by 43,119 people. **The Frente Común is distributing basic information on HIV/AIDS in the nine principal indigenous languages of the state.** In addition, an Educational Packet on HIV/AIDS developed by the Frente Común includes cassettes in indigenous languages. The Packet is being distributed in 1400 rural communities where approximately 70% of the population, or 98,000 people, speak an indigenous tongue as their first language. The Frente Común sponsored the broadcast of a soap opera on women and AIDS, originally produced by a Mexican NGO with technical assistance from AIDSTECH. A workshop on AIDS in the Media was conducted for radio announcers from the 14 stations airing the soap opera.

With support from AIDSCAP, the Mexican Federation of Private Health and Community Development Associations (FEMAP) implemented a workplace-based prevention program in Ciudad Juárez, a border city adjacent to El Paso, Texas. The project carried out educational activities in maquiladoras (in-bond factories where the majority of workers are female) and sold condoms at factory exits and in the home communities of the trained peer educators. In 1995, 28 people were trained, 8,184 received education on HIV/AIDS, and 10,760 condoms were distributed. Plans for 1996 include the production of a manual on how to muster support from factory management and development of a plan for replication of the project in other FEMAP affiliates.

c. Progress toward Intermediate Result No. 2: Improved capacity for designing communication messages

The design of successful interventions to increase knowledge of HIV/AIDS depends on an understanding of social and cultural factors. In Mexico, little information exists on the attitudes and myths surrounding sexual behavior. With support from USAID/Mexico, the Mexican Institute for Research on Family and Population (IMIFAP) is carrying out a qualitative study on sexual behavior in a sample of the population between the ages of 21 and 50. Information obtained will provide the basis for targeted communication on AIDS prevention. Preliminary findings indicated that Mexicans want factual - not moralistic - information and wider dialogue on sexual behavior. Information from this study is being utilized in the design and preparation of a new program of sex education in the public schools.

Under USAID/Mexico sponsorship in FY1995 and FY1996, a total of 47 people, (30 women and 17 men), from both the private and public sectors and representing all states of the country were trained at the University of California in Santa Cruz in communication. The training strengthened capacities of both NGOs and COESIDAS (state AIDS prevention councils). The strengthening of COESIDA's was especially timely given the larger responsibilities they will assume as a result of decentralization under health reform.

3. Customer focus

USAID/Mexico works with NGOs with access and credibility in target communities. Contact with end users is greatly facilitated by the grass roots nature of these organizations. The Frente Común and MUSS, for example, were both formed by concerned citizens who wanted to educate their communities about HIV/AIDS. Both organizations incorporate customer evaluation into their activities, and depend heavily on volunteers from the communities which they serve. The HIV/AIDS training courses were initially designed, and subsequently refined, using input from training participants. Level of satisfaction, as evidenced by trainee evaluation forms, is extremely high. Inspired by the glowing reports of returned trainees, demand for participation in these courses greatly exceeds our current funding capabilities.

Training Pays Off!

Because of funding reductions occasioned by Mexico's economic crisis, CONASIDA had to eliminate positions in its communications department. When the Medium Term Plan for PAHO came due, there was no one with the expertise to write the communications section. After completing the USAID/Mexico-sponsored training course at the University of California, a CONASIDA employee was able to design a new five-year communications plan highly praised by PAHO.

4. Participation of other donors

Taking into consideration not only USAID/Mexico's support, but also, USAID/W's contribution to the Global Program on AIDS channeled to PAHO, we have historically been the major external donor to AIDS prevention programs in Mexico. Our presence has been a key factor in helping local organizations to leverage support from other sources, both governmental and non-governmental.

Other donor support at present is as follows:

- Support from the **Pan American Health Organization** for activities in AIDS prevention in Mexico which in years past has constituted up to 38% of CONASIDA's operating budget and the cornerstone of its assistance to NGOs was radically reduced this year to less than 10% as the Global Program on AIDS (GPA) disappeared to be replaced by UNAIDS. While this integration of six agencies is expected to bring positive results, the national AIDS program in Mexico is being adversely affected by the hiatus in funding during the transition. The economic crisis and the devaluation of the peso have hit hard at the Mexican government's support for CONASIDA as well. The **Government of Mexico (GOM)** contribution decreased from \$775,000 U.S. in 1994 to \$490,000 U.S. in 1995. The latter amount remains stable for 1996 despite the decrease in PAHO-GPA support. This situation is not expected to change over the next few years. CONASIDA's operating budget comes from the Ministry of Health, which has been severely affected by the crisis. Thousands of workers left unemployed by the crisis are no longer eligible for health services from the Mexican Social Security Institute, and are turning to the Ministry of Health for care.

- Despite a public commitment on the part of the **Government of Japan (GOJ)** to increase support for HIV/AIDS, JICA in Mexico has demonstrated a reluctance to become involved because Japan has developed little expertise in dealing with HIV/AIDS domestically and has only begun to work internationally in this area.

- The **World Bank** committed \$500,000 to a regional project entitled "Latin America and the Caribbean Regional Initiative for AIDS/STD Prevention and Care" (SIDALAC). One component of the project, an AIDS impact model for countries of the region, will be an important policy and planning tool, especially in the context of health reform.

5. Gender issues

Gender is a crucial factor in the design and implementation of any HIV/AIDS prevention program. In addition to an increased biological vulnerability to the virus, women are vulnerable because of cultural and socioeconomic factors which make it difficult for them to protect themselves or to negotiate with their partners. Since modifying these risk factors requires change in the overall status of women and may take years to achieve, the challenge is to design interventions which are effective now in helping women protect themselves.

Since many women cannot leave their house or children unattended, or their husbands will not allow them to attend meetings where sexual topics are discussed in a mixed group, the Frente Común organizes talks for groups of women in their homes. The fact that more women than men are monolingual was an impetus for the Frente Común to translate materials and radio spots into nine indigenous languages in Oaxaca state. Further targeting women in their homes, the Frente Común arranged for the broadcast of a soap opera on women and AIDS via 14 radio stations in the state.

Women are the principal end users of the MUSS's services since in the villages where educational activities are centered, many of the men have migrated temporarily to the U.S. in search of work. MUSS provided technical assistance for a video on AIDS and migrants which is told from a woman's perspective and is based on the experiences of an HIV positive woman in Michoacán state.

6. Summit of the Americas

Congruent with the Summit Plan of Action calling for equitable access to health services, Mexico is decentralizing its health care system. Up to now, the Mexican system has been highly centralized, with administrators in Mexico City making even minor decisions on local activities. For the new system to function, there is an acute need for trained personnel in the states. USAID/Mexico has contributed to this capacity building through training for 18 COESIDA personnel at the University of California, Santa Cruz.

SECTION III

STATUS OF THE MANAGEMENT CONTRACT

A. Strategic Objective No. 1: Improved performance of target institutions in selected legal/regulatory areas related to the NAFTA

Special Objective: Democracy

1. **Strategic Objective Changes/Refinements (None.)**
2. **Special Concerns, Issues, or Actions for USAID/W**

The Economic Growth SO is essentially complete as measured by the yardstick of the existing indicators. Several concerns remain, however, regarding the need to provide supplemental funding to the National Marine Fisheries Service (NMFS) to conduct intensive training in bi-catch reduction and the possible addition of funds to the OFHEO PASA. The resource aspects of these issues are discussed in Section IV.

Democracy is an area which has been pursued as a "target of opportunity," now known as a "special objective." The Mexico Country Team has reviewed the desirability of elevating the status of this activity to an SO as well as increasing the resource level. USAID/Mexico anticipates that a Democracy/Economic Growth Strategy will be performed in consultation with USAID/W during the late spring and early summer of 1996. It is requested that USAID/Washington delegate to USAID/Mexico the responsibility for completing the Democracy/Economic Growth Strategy and to develop the appropriate Results Package for obligating FY1996 OYB support for these activities.

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PROPOSED RESULTS FRAMEWORK*
STRATEGIC OBJECTIVE #2

Strategic Objective #2
Environmentally sound natural resources and energy use increased.
Timeframe: 1997-2006

FOCUS AREA: GCC MITIGATION*
Reduced long-term threat to the environment from Global Climate Change
Primary Activity:
Strategic Planning and Prioritization
Primary Partners:
Mexico GCC Country Studies Team

FOCUS AREA: BIODIVERSITY CONSERVATION*
Promote sustainable economic development through better conservation and use of biological resources.
Primary Activity:
Strategic Planning and Prioritization
Primary Partners:
Mexico Biodiversity Prioritization Workgroup (CONABIO, Pronatura, FMCN)

Intermediate Result #1
Adoption of renewable energy and energy efficient technologies and practices
Timeframe: 1992-2005
Partners:
CONAE, CFE, FIDE, CRE, IIE, UNAM-PUE, ANES, FIRCO, FECIC, ATPAE, Several State Governments (Sonora, Chihuahua, Baja California, Quintana Roo, Veracruz, Chiapas)
Other Donors:
World Bank, Inter-American Development Bank, CFE, DOE, Commission on Environmental Cooperation, Global Environmental Facility

Proposed Intermediate Result 1a*
Improved management of urban and industrial pollution through increased Mexican NGO capabilities and private-public partnerships.
Timeframe: 1995-2002
Partners:
Select medium or small-sized municipalities and brown NGOs, ICMA, EP3, IPN Center for Clean Production, Cemda, INAINE, BANOBRAS, others to be identified
Other Donors:
World Bank, IDB, Japan (JICA)

Intermediate Result #2
Improved management of protected areas and their buffer zones.
Timeframe: 1990-2002
Partners:
The Nature Conservancy, Biodiversity Support Program, World Wildlife Fund, Conservation International, Ecosolar, PRONATURA
Other Donors:
MacArthur Foundation, Global Environmental Facility, US Fish and Wildlife Service, CONABIO, State Governments, Ford Foundation

Proposed Intermediate Result 2a*
Improved Mexican non-governmental and private sector institutional capacity for coastal and marine resources management.
Timeframe: 1995-2006
Partners:
ITESM/G, CIBNOR, CECARENA, ASK, WWF, CI, PRONATURA
Other Donors:
RAMSAR, NAWCC, USFWS, Ducks Unlimited of Mexico, World Bank, International Development Bank

Intermediate Result #3
Improved Mexican non-governmental and private sector institutional capacity for preservation and wise use of biodiversity.
Timeframe: 1990-2006
Partners:
Mexican Nature Conservation Fund, PRONATURA Mexico, CONABIO, The Nature Conservancy, World Wildlife Fund, Conservation International
Other Donors:
Donors of Mexico, World Bank, GEF, IDB, USFWS, USNPS, USFS, NFWF, MacArthur Foundation, Ford Foundation

Major Activities:
-Mexico Energy Efficiency Initiative
-JI Energy Projects, development and support
-Support for Renewable Energy Development and Commercialization in Mexico
-Cleaner energy production and use
Critical Assumptions:
1. Continued GOM support for renewable energy technologies, especially in rural electrification
2. Economic recovery yielding a stable development platform
3. Social-economic recovery leading to increased energy demand
4. Continued GOM support to privatization in the energy sector.

Major Activities:
-EP3
-Municipal management strengthening
Critical Assumptions:
1. Continued GOM support for decentralization
2. Socio-economic stability allowing economic recovery
3. Continued U.S.-Mexico cross-border cooperation
4. Economic recovery yielding a stable development platform

Major Activities:
-Parks in Park Program
-SE and Northern Mexico Ecodevelopment
-Montes Azules Management
-JI forestry projects, development and support
Critical Assumptions:
1. No major, natural disasters that contribute to deforestation
2. Social stability on the Mexico/Guatemala border
3. SEMARNAP institutional stability
4. Economic recovery yielding a stable development platform

Major Activities:
-Strategic planning and policy reform for Gulf of California management.
-Pilot and demonstration projects focusing on community-based CZM in priority areas.
Critical Assumptions:
1. Economic and social stability
2. No major natural disasters affecting coastal/marine areas
3. Continued GOM support for sustainable fishing and CZM
4. Economic recovery yielding a stable development platform

Major Activities:
-Pilot and demonstration projects in BDC
-Development/strengthening Mexican NGOs and private sector organizations working in BDC
-Partners in Flight/Neotropical Migratory Bird Preservation
Critical Assumptions:
1. Economic and social stability
2. No major natural disasters that destroy widespread biological resources
3. Continued GOM support for BDC
4. Economic recovery yielding a stable development platform

CONAE: National Energy Savings Commission
CFE: Federal Electric Commission
FIDE: Energy Savings Program
CRE: Energy Regulatory Commission
IIE: Electric Research Institute
UNAM-PUE: Energy University (UNAM) Program
ANES: Solar Energy Association
FIRCO: Shared Risk Trust Fund
FECIC: Civil Engineers Federation
ATPAE: Energy Savings Association
DOE: Department of Energy
JI: Joint Implementation

ICMA: Internat'l. City Managers Assoc.
CEMDA: Center for Environmental Law
EP3: Env. Pollution Prevention Project
IPN: National Polytechnical Institute
INAINE: Autonomous Institute of Env. Research
BANOBRAS: National Public Works Dev. Bank
JICA: Japanese Internat'l. Dev. Agency

CONABIO: National Biodiversity Commission
SEMARNAP: Secretariat of Environment, Natural Resources, and Fisheries
ECOSOLAR: Mex. Conservation NGO
PRONATURA: Mex. Conservation NGO

ITESM/G: Technical Institute of Monterrey/Guaymas
CIBNOR: Northwest Center for Biological Research
CECARENA: Center for Nat. Res. Use and Conserv./Guaymas
ASK: Amigos de Siank'an
WWF: World Wildlife Fund
CI: Conservation International
RAMSAR: Secretariat for the Ramsar Convention (wetlands)
NAWCC: North American Wetlands Conservation Council
PRONATURA: Mexican Conservation NGO

FMCN: Mexico Nature Conservation Fund
USFWS: U.S. Fish and Wildlife Service
USNPS: U.S. National Parks Service
USFS: U.S. Forest Service
NFWF: National Fish and Wildlife Federation

* Proposed additions/changes in program are indicated in italics.

B. Strategic Objective No. 2: Environmentally Sound Natural Resource and Energy Use Increased

1. Strategic Objective Changes/Refinements

The Mission is well along in the review/approval of its Mexico environment strategy that assesses the overall impact and appropriateness of the current program. In an unprecedented fashion, the strategy exercise enlisted LAC and Global partners on the same team, and is providing a framework for the integration of USAID capabilities (LAC + GLOBAL + field activities) with host country needs and priorities. A team of six technical specialists, with input from more than 12 Global and LAC "virtual" members and numerous host country specialists/organizations, are in the final stages of a comprehensive analysis of the opportunities and priority needs for USAID environmental assistance in Mexico. The preliminary findings of this strategic planning exercise (Attachment 1) are the foundation of USAID/M's proposed environmental program changes and refinements.

Environment is a core strategic objective for USAID/M that, to date, has demonstrated superior performance with high level GOM support; furthermore, its portfolio offers enormous future growth potential. As the Population program is phased-out over the next two years, environment is proposed to become the priority area of focus for USAID/M assistance during 1997-2006. This is based on the premise that a properly focused and implemented environmental program in Mexico constitutes a "win-win" situation for both countries (see also attached article, "[Warren] Christopher Presents Global Ecology Plan"). Among the **most important reasons for maintaining environmental investments in Mexico are:**

- 1) the critical role environment plays in sustainable development on both sides of the border;
- 2) the mitigation of cross-border environmental impacts (air, water, wastes);
- 3) the protection of shared fish and wildlife stocks;
- 4) major opportunities for trade, including environment/energy technologies market development;
- 5) the avoidance of illegal migration resulting from environmental restoration and improved income levels; and
- 6) the mechanisms offered by Mexico's E/GCC portfolio to leverage resources and add-on population, gender, democracy, economic growth, and private-public partnership benefits.

The proposed Results Framework for 1997-2006 is a product of the detailed strategic analysis mentioned above, rigorous Mission screening based on 11 prioritization criteria (see box), and a March 29, 1996 comprehensive portfolio review (including LAC and Global projects).

The **proposed program**, which assumes a high degree of consolidation of Mission-LAC-and Global resources and efforts and slightly higher levels than suggested in the current LAC budget guidance, **maintains its focus on two global environmental problems of great bilateral importance and within the manageable interests of the Mission: *global climate change mitigation, and biodiversity conservation (BDC)***. Under the proposed framework, all three intermediate results of the current program dealing with energy, protected areas management/forestry and NGO strengthening for biodiversity conservation will be streamlined to continue to support those activities where USAID assistance has demonstrated greatest impact and future development potential.

In the spirit of re-engineering, an overriding strategic planning and prioritization mechanism has been built into each focus area. This mechanism will tap the expertise of the most notable organizations (both private and public) and professionals in each of the focus areas. It will provide--through periodic meetings, fora and planning sessions--an ongoing planning, monitoring and evaluation mechanism that will help to promote maximum cost effectiveness and appropriateness of USAID program activities, in addition to coordination with the actions of the GOM and donor community. The Mexico [interdisciplinary and inter-institutional] global climate change country studies team brings together the best of Mexico's climate change specialists. The proposed biodiversity conservation mechanism will strengthen the efforts of an established working group made up of the majority of Mexico's most respected scientists and conservation biology specialists, in the GOM, NGOs, and research institutions.

Christopher Presents Global Ecology Plan

The News Staff And Wire Services

WASHINGTON — U.S. Secretary of State Warren Christopher outlined global environmental plans on Tuesday that include cleaning up air and water along the Rio Grande and San Diego valleys.

"Our joint efforts with Mexico have grown in importance since NAFTA took effect just over two years ago," Christopher said. "Under the NAFTA side agreements on the environment, we have set up new institutions to help communities on both sides of the border safeguard the natural resources they share."

In a speech at Stanford University in Palo Alto, California, he said he soon would launch a program to enable business and government leaders from Texas, New Mexico and Chihuahua to reduce some of the region's worst air pollution.

This effort is part of a strategy to protect the environment while providing new business opportunities in a 400 billion-dollar market for environmental technologies, an effort championed by former Commerce Secretary Ron Brown, who died last week in a plane crash in Croatia.

"Through the State Department's new 'Partnership for Environment and Foreign Policy,' we will bring together environmental organizations, business leaders and foreign policy specialists to enhance our cooperation in meeting

environmental challenges," Christopher said.

"Whether it is fishing on the Georges Bank or in the Gulf of Mexico, or clean drinking water from the Great Lakes or the Rio Grande," he said, "we cannot separate our environmental interests from those of Canada and Mexico."

On the global level, Christopher said the administration would take these steps this year:

- Seek agreement on further cuts in greenhouse gases to minimize the effect of climate changes.
- Help lead an international process to deal with problems caused by toxic chemicals that can seep into U.S. land and water.
- Develop a strategy to manage and sustain the world's forests.
- Work with the U.S. Congress to ratify an international pledge to preserve the diversity of plant and animal species.
- Seek ratification of the Law of the Sea treaty to safeguard the access to ocean resources.

"This obviously is a daunting agenda," Christopher said. "Achieving these goals will take time and perseverance."

In the last quarter-century, he said, the world's forests shrank by an amount equivalent to one-half the land area of the United States. And, he said, countless species of animals and plants are being wiped out, including some with potential value for agriculture and medicine.



THE NEWS FILE PHOTO
U.S. Secretary of State
Warren Christopher

The News, Mexico City April 10, 1996

The main actions in each of the IRs to accomplish streamlining/consolidation are as follows:

IR1 - Energy: The energy portfolio, currently a mix of 26 known activities, will be consolidated during 1996-1998 into four major areas of activity indicated in the proposed results framework (renewables, energy efficiency, joint implementation, and clean energy). This consolidation process will involve continued close collaboration with and support from Global/Energy (G/EY). A substantial Global pipeline for energy activities (especially the Energy Efficiency Program) will be spent down over 1996-1997 and used to restructure the overall energy portfolio. This will include the design of a Mexico Energy Efficiency Initiative, the development of an integrated energy training plan, the incorporation or strengthening of policy/legal reform, and trade and development components in each of the four major areas of activity. Given the tremendous trade and market development potential that the Mexico energy sector offers, a mix of actions related to trade and financing, including private-public partnerships, joint implementation, privatization, power wheeling, and Energy Service Company (ESCO) support will likely be supported under each of activity area, as appropriate.

Criteria and Elements for Activity Prioritization

- Politically correct: not duplicative, high GOM priority, obvious bilateral benefits
- Fits strategic focus of USAID and partner organizations
- Clear indicators and measurable outputs
- Viable partner organization/implementor
- Technical, social, financial/economic, environmental feasibility
- Reasonable assumptions
- Meets leveraging criteria
- Replicable and sustainable (based on prior experience)
- Within manageable interest of USAID (Mission + LAC + Global)
- Maximum impact based on cost/benefit and risk analysis (i.e., look at irreversibility/irreparability)
- Mission has necessary management resources (\$\$, staff, and technical skills)

IR2 - Protected areas/Forestry: There was unanimous agreement within the strategy team and with the GOM that **USAID/Mexico's protected areas/forestry activities have made significant contributions, not just to the GCC Strategic Objective, but also in terms of parallel achievements in biodiversity conservation. The strategy team suggested strongly a modification of the SO Tree that would acknowledge the dual benefits of this IR--GCC mitigation and biodiversity conservation--and that would provide for strategic planning that values both.** In several meetings with the GOM during the strategic planning sessions, highest priority was given to this IR package because of the critical role it plays in sustainable rural development, and the avoidance of out-migration both to Mexican cities and to the United States. Studies by the Natural Heritage Institute analyzing the interrelationships between environment, population and migration in Mexico are coming to similar conclusions.

In support of 1995 Action Plan recommendations, the number of activities under this IR will be cut back from 9 in 1996 to approximately 5 by 1998. Small pilot and demonstration projects currently managed directly by USAID/M, the majority of them with Mexican NGOs, will be phased out or folded into larger TNC, WWF, CI or PRONATURA projects. It is expected that the Mexico Conservation Fund, which will initiate some small grants in 1996, will begin to help in this consolidation process by taking over some of these activities.

IR3 - Biodiversity conservation & the Mexico Conservation Fund (FMCN):

The strategy team, while applauding USAID's noteworthy success in the establishment and initial capitalization of the FMCN as a permanent internal source of biodiversity conservation funding, recognized that there are other pressing BDC needs beyond the scope and resource limits of FMCN that are solidly within the interests of the United States Government to support: ie, the protection of rare and endangered species; the protection of shared/migratory fish stocks, birds and other wildlife and game species; and the preservation/development of genetic resources essential to important industries such as plant breeding, pharmaceuticals, and medicinal plants. USAID's role in furthering these actions through specific field projects, as well as through facilitating the role of other domestic US environmental agencies, is critical in this regard.

The FMCN is already playing a key role in policy reform, strengthening Mexican conservation NGOs and assisting them in obtaining tax exempt status, and creating alliances for strategic planning and biodiversity prioritization. It is already clear that the benefits from these actions will be as significant as those quantified by USAID's indicators for sustainable financing and BDC project support.

Recent USAID-supported work to assign geographic priorities to biodiversity conservation in Mexico has resulted in the identification of major gaps in donor funding. Within these funding gaps there are several major eco-regions of regional and global significance that are best (or only) represented in Mexico. These include pine-oak forests, coastal zones, and arid and semi-arid areas in central and northern Mexico. The conservation of these important eco-regions should be a high priority for USAID/W and LAC.

Many of these same eco-regions, in addition to having great species diversity and endemism, are being identified as those systems most at risk from climate change. Based on the risk assessments done under the GCC country studies effort, **one of the primary projected impacts of global warming in Mexico is desertification and drought. In the absence of significantly improved natural resources management for the central states of Mexico (Guanajuato, Jalisco, Querétaro, Michoacán, Mexico), water shortages, industrial failures, and accelerated population out-migration are likely scenarios.** Current drought conditions in northern Mexico testify to the grave economic and social consequences of ignoring these problems.

Opportunities/needs for environmental assistance: As indicated in the strategy preview (attached), the Mexico E/GCC portfolio has been on target relative to the Mexican environmental context. Furthermore, Mexico is our neighbor and, from a purely U.S. self-interested perspective, is the most environmentally-significant country in the world. As a result it is becoming increasingly difficult for USAID to define a consistent, over-arching strategic framework for such a diversity of actions, opportunities and needs. Given this challenge, the most significant findings of the strategy and subsequent USAID/M responses are summarized as follows:

Findings:

- 1) that two important technical gaps (urban and industrial pollution, and coastal zone management) exist in the current program that are both within the strategic interest of the US, and the manageable interest of USAID/M to address; and
- 2) that given the highly political, dynamic and growing nature of US/Mexico environmental relations, it is important to maintain some flexibility in the program to attend to urgent needs and important opportunities in the Mexican environment sector that are supportive of U.S. national interests.

Mission response:

1. **Add two Intermediate Results packages:** 1a for Urban and Industrial Pollution Prevention; and 3a in Coastal/Marine Resources Management. The rationale and details of these IRs are presented in the Proposed Results Framework and strategy preview.
2. **Request additional environment staffing and an added 10% financial resources to allow for rapid response, program development and support.**

These modifications are incorporated in the proposed Results Framework, and budget projections, Annexes 1-3. The consolidation of Mission-LAC-GLOBAL budgets and melding of work programs will permit this proposed program to go forward with relatively small increases over the currently proposed LAC OYB budget guidance. Based on current figures and preliminary negotiations with GLOBAL (involving some re-programming in their energy pipeline) the shortfalls would be \$1 Million in FY1996, \$2.42 in FY1997, and \$950,000 in FY1998. Given the substantial increase in overall program impact, the Mission feels that these slight increases are fully justified.

C. Strategic Objective No. 3: Sustainable Increase in Contraceptive Prevalence

1. Strategic Objective changes/refinements

The only refinement to Strategic Objective #3 has been regarding the timeframe. As described above in Section II, all evaluations performed within the population strategy in the last several months have recommended that a one-year extension of both the private sector and public sector programs be done, changing the target year for close out from 1997 to 1998.

2. Special Concerns, Issues, or Actions for USAID/W

The concepts of re-engineering have been taken to heart in the population program. In an attempt to maximize dwindling resources, interinstitutional collaboration has increased remarkably. Important decisions on the program are reached together by USAID/Mexico, the CAs, and our Mexican partners. In the end, this collaboration leads to greater use of both human and financial resources, the quality of the product is increased, and consumer satisfaction is heightened.

D. Special Objective: Improved Knowledge of Modes of Transmission and Prevention of HIV/AIDS in Selected Populations

1. Strategic Objective Changes/Refinements

USAID/Mexico plans to continue HIV/AIDS activities as a special, rather than strategic, objective, but intends to expand the program to work more intensively with population groups particularly at risk - migrants, women, and youth.

2. Special Concerns, Issues, or Actions for USAID/W

With proposed funding levels, we will be able to maintain our on-going activities through April 1997. However, no funding level has been indicated for FY1997 or FY1998. Given the geographical proximity of Mexico and the U.S., the potential for rapid growth of the HIV/AIDS epidemic in Mexico, and the epidemiological patterns linking our two countries and Central America, it is crucial that USAID/Mexico maintain continuity of its support to our Mexican and international partners working to thwart the spread of AIDS in the region. To do so, we request an increase in our AIDS funding from our current \$200,000 level to \$350,000-\$400,000 beginning in 1997. This additional funding will permit our participation in the Central America HIV/AIDS Project in light of recent research on the Mexico-Guatemala border showing a critical need for research, education and prevention activities in the region to help stem the spread of HIV. Likewise, we would expand our current program particularly along the U.S.-Mexico border.

E. Special Management Issue

It is unclear from current IRM guidance whether or not USAID/Mexico will be included in acquiring NMS capabilities and become a UNIX site. Given the increased recognition of the strategic importance of USG involvement in Mexico's political, economic, and social reform agenda, the USAID/M program should be given special consideration among LAC's priority countries. USAID/M's presence and demonstrated capabilities of being a catalytic force in brokering development partnerships and demonstrating positive results merits OE funding support of being a model overseas mission with full communication/computer capabilities as any large mission.

SECTION IV

RESOURCE REQUIREMENTS

A. Program Funding Requests

**1. Strategic Objective No. 1: Improved performance of target institutions in selected legal/regulatory areas related to the NAFTA
Special Objective: Democracy**

The latest LAC FY1996 OYB guidance proposes to allocate the sum of \$350,000 to economic growth in FY1996 and nothing to democracy. We propose to reduce the sum for economic growth to \$100,000 and to use the difference for funding democracy activities at \$250,000 in FY1996. We believe that we should consider one or two more NAFTA-related activities during the 1996-97 transition period. Of particular concern is the shrinking bi-catch problem which, if not addressed, could result in trade sanctions against Mexican exports shrimp and other seafood products. This would have a disastrous impact on thousands of small family enterprises.

Additionally, we want to insure adequate funding to see the conclusion of the PASA agreement with the Office of Federal Housing Enterprise Oversight regarding the removal of barriers to Mexico's development of a secondary mortgage market.

The consensus of the Embassy and USAID/Mexico team is that economic growth should not be abandoned in the future, but rather, made an integral part of the democracy portfolio. Future activities in economic growth would be closely tied to increasing investor confidence and the credibility of Mexico's markets. In such a strategy, democracy would assume the higher profile with economic growth supporting. Failing to re-align funds to allow for some democracy activity could have serious political implications. **Planned legislative changes include sweeping overhaul of the organized crime laws (including provisions to address money laundering); legislation to reorganize the federal judicial police; and legislation to revise the laws pertaining to NGO's, including tax treatment).** The sum of \$250,000 would allow us to provide some assistance, pending the findings of the proposed strategy. In like manner, with \$100,000 in economic growth, we could continue to play a small role, but one which would ensure the successful completion of existing projects.

We believe an important role for USAID/Mexico is that of assisting in possible the above reform areas. This is not to say that the federal level is the only venue where we should be working. In fact, if we can assume that \$2,712,000 is available for economic growth in 1997 and that USAID/Mexico has the flexibility to use \$500,000 for economic growth, then the remainder - \$2,212,000 - would be available for democracy. A possible starting point would be the initiation of anti-corruption/administration of justice programs in one or two key states where reforms have either begun or where the climate is clearly hospitable to reforms and the state governments are on record as asking for partners with resources. Depending upon how activities were structured, (for example, utilizing buy-ins), USAID/Mexico may not require additional staffing in this sector.

The **alternative FY1997 scenario** of \$800,000 for economic growth and nothing for democracy is unacceptable. What would work, however, is the base-10% and base-30% FY1998 scenarios **IF** the Base FY1997 scenario (of \$500,000 for economic growth and \$2,212,000 for democracy) came to pass. With such a large investment in democracy in FY1997, USAID/Mexico could conceivably maintain an adequate level of involvement with only \$200,000 in democracy in FY1998. Additionally, because new projects often require substantial start-up time, it is highly likely that we would still be working in 1998 on the implementation of the FY1997 projects. Depending upon the outcome of the democracy analysis, if only \$800,000 were available in FY1998 for democracy and economic growth, it may be more appropriate to invest \$200,000 in economic growth and \$600,000 in democracy.

Whatever we do, it cannot be understated that **time is of the essence**. The hospitable environment for reform and thus for the emergence of strong NGOs will not last forever. The administration of President Zedillo is racing through its second year of a six year term. It is not enough for the Zedillo administration to believe in the importance of reforms. This administration must pass the proper legislation and then work hard for implementation prior to the next presidential elections. This task, while daunting, is doable. Investing US dollars in support of these positive changes is more than

wise; it is imperative.

2. Strategic Objective No. 2: Environmentally Sound Natural Resource and Energy Use Increased

The latest LAC FY OYB guidance proposed to allocate the following sums (in Millions): \$3.61 in FY1996, \$4.532 in FY1997, and \$5.8 in FY1998. This level of resources does not take into account the dynamics of the Mission's overall portfolio. We propose to phase out the population program in 1998 and gradually strengthen the environment program over the period 1996-1998. The levels proposed by the Mission are: \$4.61 in FY1996, \$6.95 in FY1997, and \$6.65 in FY1998. These figures assume the following levels of Global field support: \$3.746 in FY1996, \$2.986 in FY1997, and an unknown (but estimated at \$1.77) level in FY1998. Especially in the Energy, and to a lesser degree Urban/Industrial Pollution Prevention IRs, these levels of Global support are critical to maintaining these "brown" programs. Both Global and LAC support are critical on the "green side" (forestry and biodiversity) of the portfolio (see Annex 3). Difficulties encountered in estimating future levels of Global and, to a lesser degree, LAC pipelines/resources are the major contributing factor in the uncertain Global Support estimates for 1998.

Of special immediate importance, in FY1996 there is a shortfall of \$1.0 Million. These resources are needed to initiate the second phase of the very successful DOE/Renewable energy program. The current pipeline for this project is estimated to last only through September/96; additional funds are needed for continuity. Shortfalls for FY1997 and FY1998 are estimated at \$2.42 and \$.95 Million respectively. These levels of resources are needed to implement the expected recommendations/findings of the USAID/M environmental strategy developed jointly by USAID/M, Global and LAC.

As indicated in Section III, the special nature of the Mexico environment program requires flexibility to allow the Mission to address strategic actions outside the scope of the SO, and to provide rapid response. A 10% increase in the proposed budget levels (ie, \$460 K in FY 1996, \$700 K in FY1997, and \$665 K in FY 1998) would be needed to provide such capability. This additional money would be used for activity development and support, as well as for some minimal increase in staff (estimated at one local technician/PSC plus added secretarial support).

3. Strategic Objective No. 3: Sustainable Increase in Contraceptive Prevalence

There are two Annex 3 tables for the population strategy. The first was prepared using the program budget assumptions provided by the LAC bureau, and the second using the tentative FY96 figure provided to us by the Global Bureau, US\$12 million, with subsequent FY97 and FY98 figures based on a reasonable, organized phase-out of population activities in Mexico.

Since USAID will be phasing out in 1998, it is an obvious assumption that this program would be receiving incrementally smaller amounts of funds. Considering that:

- in FY95 the population program received approximately US\$16 million;
- Congress has placed new restrictions on population spending; and,
- we must plan for a phase-out that would leave our programs in Mexico in the most desirable situation before termination of assistance,

we have been estimating our needs at US\$12 to 14 million. In other words, although we could most certainly put US\$15 million to excellent use, it is not a realistic figure given our imminent departure. Likewise, we can safely begin cutting back with a \$12 to 14 million figure, but any reduction below \$12 million would have serious negative impacts on our orderly and sound plans for phase-out.

Regarding actual allocation of these funds to the projects, the tables in Annex 3 demonstrate that the bulk of funds continues to be provided to the CAs that are the primary sources of funds for our Mexican partners: Pathfinder International, AVSC International, and the International Planned

Parenthood Federation/WHR, while smaller amounts of funds are provided to those CAs that provide strictly technical assistance. There are two new projects: a) POPTECH, for evaluation of the public and private sector population programs, and b) FOCUS, for providing technical assistance to adolescent projects in Mexico. Lastly, two projects (CONRAD and PROFIT) will not be allocated any funds in FY96 and beyond due to their limited usefulness in achieving our strategic objective.

4. Special Objective: Improved Knowledge of Modes of Transmission and Prevention of HIV/AIDS in Selected Populations

In order to maintain our present level of activity and expand our current activities particularly along the U.S.-Mexico border and to participate actively with the CA regional project along Mexico's southern border, USAID/Mexico requires a minimum funding level of \$250,000-300,000 per year. Optimal funding of \$350,000-400,000 per year would allow for expanded research and interventions targeting migrants, women, and youth with evaluation of intervention programs.

B. Program Management Requirements: Operating Expenses and Staffing

USAID/Mexico is pursuing three strategic objectives (SOs) rank ordered by importance as: 1) Environment, 2) Population and 3) Broad Basic Economic Growth. The reality is, however, that each of these strategic objectives exerts a powerful influence on the other as well as on the overall human resources (both Program and OE) needed to accomplish them. Each one of these SOs has various activity outcomes which are synergetic and when attained will improve the physical, social and economic status of Mexicans with significant benefits to U.S. citizens as well, particularly in border areas and other regions of the U.S. impacted by high illegal immigration or by cross-border environmental pollution.

At the LAC proposed FY1996 OYB level of \$15.5 million (dated April 10, 1996), USAID/M estimates a need of \$425.5 for OE to be able to fund at current cost levels regular office operations (e.g. FSN salaries and benefits, residential rent and LQA, communications, etc.). This level permits coverage of the normal (NTE 25%) automatic increases in almost all local currency expenses, such as revisions to pay scales and devaluation/inflation-induced adjustments in telephone costs and utilities. It is worth mentioning that because of the 1994 devaluation of almost 100% of the peso against the U.S. dollar, there are a number of short-lived savings in the USAID/M budget. During CY1995 prices had continued to increase, so the costs in U.S. dollars terms have changed little. The official inflation rate for CY1995 was 52%, so in peso terms the changes have been dramatic; our budget projections for FY1997 and FY1998 conservatively assume at least a 25% increase per year in each local-cost line item. The largest component of the FY1996 request continues to be the FSNH line item of the budget (\$186.4), due mainly to the high technical and specialized skill requirement of our staff positions (average staff level is FSN-10). This inflation, when combined with an assumed 2% OE budget cut per year for FY1997 and FY1998, translates into critical reductions in real terms for those years.

All USAID/M personnel directly involved in program implementation are program funded; in this regard, it is not possible to make shifts from OE to program funding (as OE funded positions perform essential support duties only) without a net reduction in the overall OE staff number. To the contrary, for FY1996 USAID/M envisions the need to have two new program-funded PSC positions filled this FY: an Urban/Environmental Specialist who would be in charge of urban pollution and related mitigation programs and a contracts specialist who would act as a liaison between RCO/Guatemala and USAID/M on all contract-related matters. Some part-time secretarial support for the environment program, as well as for the population program, may be necessary.

For FY1996 USAID/M continues to budget funds in the travel line item for further training and technical assistance as may be needed to become a fully re-engineered mission. In order to have the NMS operational, USAID/M has a \$15,000 budget to procure four Dell Optiplex 590 Pentium PC's that adhere to the technical requirements to run this software. When these PCs become available, they will replace existing PCs (four) that do not meet the minimum recommended configuration. It is worthwhile to mention that USAID/M is a non-Unix site. However, according to instructions provided by IRM, it is not yet clear if a Unix-box will be procured for USAID/M. Therefore, at this point a UNIX procurement action is not budgeted.

Changes in the provisions and funding of administrative services from FAAS to ICASS represents a major source of uncertainty for USAID/Mexico. The program-funded staff is housed in the same OE space within the Embassy, and receives support in terms of office utilities, communications, office building maintenance and repairs from State. Therefore, the FAAS budget is high compared to other "stand alone" missions in the region. If charges are going to be directly levied for these services, then our OE will have to be increased accordingly.

**USAID/MEXICO
OE Funding Requirements**

OE/TRUST FUNDED LEVELS By Major Function Code	FY96	FY97	FY98
U100 U.S. Direct Hire	6.8	62.4	17.1
U200 F.N. Direct Hire	150.7	155.2	168.9
U300 Contract Personnel	35.7	43.7	47.5
U400 Housing	63.6	67.6	71.7
U500 Office Operations	68.2	69.9	71.6
U600 NXP Procurement	59.6	5.0	10.0
Total Mission Funded OE/TF Costs	384.6	403.7	386.9
Of which TF Funded	0	0	0

Orgno. Post 523
Org. Title AID/Mexico

WORKFORCE SCHEDULE

Funding Source	FY 96					FY 97					FY 98				
	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total
Operating Expenses	2	0	4	3	9	2	0	4	3	9	2	0	4	3	9
Trust Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	2	0	4	3	9	2	0	4	3	9	2	0	4	3	9
Program Funds	0	4	0	1	5	0	4	0	1	5	0	4	0	1	5
Total	2	4	4	4	14	2	4	4	4	14	2	4	4	4	14

Funding Source	FY 99					FY 00					FY 01				
	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total
Operating Expenses	2	0	4	3	9	2	0	4	3	9	2	0	4	3	9
Trust Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	2	0	4	3	9	2	0	4	3	9	2	0	4	3	9
Program Funds	0	4	0	1	5	0	4	0	1	5	0	4	0	1	5
Total	2	4	4	4	14	2	4	4	4	14	2	4	4	4	14

FNDH and FN PSC includes both host country and third country nationals.

C. Field Support from Global Bureau

1. Strategic Objective No. 2: Environmentally Sound Natural Resource and Energy Use Increased

As indicated previously in this section and reflected in Annex 3, the USAID/M environment program has a high degree of integration with both the LAC and Global Bureaus. LAC support is provided primarily on the green side for global climate change/forestry activities and through the Parks-in-Peril program. Global support is critical and substantial in the energy, urban and pollution prevention part of the portfolio, as well as in the GCC case studies/action planning and (future) joint implementation initiatives. Global assistance is also requested, but at lower financial/technical support levels for marine/coastal zone management, Partners-in-Flight, and biodiversity conservation (via the Biodiversity Support Program).

The Mission hopes that the high levels of collaboration/integration with Global programs fostered through the Mexico environment strategic planning process will continue on in future years. Numerous mechanisms for improving communication and team-working have been discussed with Global (primarily the energy and urban offices), and we will do everything possible on our part to make it happen.

2. Strategic Objective No. 3: Sustainable Increase in Contraceptive Prevalence

The SO No. 3 tables in Annex 3 show our request for Field Support from the Global Bureau. Although all of the projects shown assist in some way to achieve the strategic objective, some are more important than others in this task. The high priority projects at this point in the Population Strategy are those which provide direct financial and technical support to our Mexican partners: CCP Contraceptives, Pathfinder International, IPPF/WHR, and AVSC. Those denominated as medium-high are: the project dedicated to evaluation of the strategy (POPTECH) and those providing substantial technical assistance to the subprojects: INOPAL 3, FPLM, CSM II, PCS, and FPMD. Medium-priority projects are those with an important, yet smaller scope in Mexico: PRB, PRIME, YAP, and FHI. Lastly, the projects classified as medium-low and low, CONRAD, Population Council Program, PROFIT, and Georgetown, have a substantially limited effect on the achievement of the SO, and this is reflected in the planning amounts allocated to them in the coming fiscal years.

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1. Mexico's Location and its Common Destiny with the U.S.: Mexico, the 11th most populated country in the world, with 92 million people, shares a 2,000 mile border with the U.S. Recent U.S. and Mexican headlines highlighting the problems of illegal migrants, cross-border environmental pollution, crime and narcotics shipments, speak clearly to the reality that our two countries are closely intertwined on a host of economic, social and political issues. Differences in language, ethnicity, and culture do not negate the importance of the common destiny shared by all North Americans. Mexico's successful transition to democracy and sustainable economic growth will have great importance for the future well-being both of Mexico and the U. S. In light of the foregoing, USAID/Mexico should be a priority among USAID/W's Latin American countries.

2. Reengineering and USAID/Rep Missions: USAID/Mexico's OYB in FY1995 was \$23.4 million. In FY1996 the OYB request level was \$22.0 million, later reduced to \$15.5 million in April of 1996. FY1997 planning levels range from \$17.5 million to \$22.2 million. Reduced funding and loss of USAID/W support staff makes it increasingly important that we have the latest and best computer technology and equipment to maximize efficiency of our small staff of 14, both in dissemination and receipt of information. Smaller missions with large and relevant portfolios have equal, if not greater need of technological support than some of our colleagues.

3. USAID/Mexico and the Embassy Country Team: USAID/Mexico and the Embassy Country Team have expressed interest in expanding our current participation in Democracy activities. USAID/W has weighed in similarly on this issue. It is imperative, however, that strategy and planned activities must be developed in the context of what Mexico is and where it is going. The scale of the country and the complexity of the problems increase both the difficulty and the necessity of finding and implementing solutions that will achieve sustainable results. In a politically sensitive area such as democracy, the U.S. Ambassador and Embassy Country Team expect to make substantive input. Ultimately, however, the best possible outcome will be attained through a collegial effort between USAID/W and USAID/M.

Annex 1
ALL RESOURCES TABLE

USAID/MEXICO (\$000)

Funding Category	FY 1996*	FY 1997		FY1998
		Base**	Base - 20%	Base -30%
Development Assistance/ SEED/FSA/ESF/IDA ***				
Economic Growth	100	500	600	600
Of which: Field Support ****				
Population	15,199	15,100	12,230	12,200
Of which: Field Support ****	15,099	15,000	12,130	12,100
Environment	4,610	6,950	6,950	6,650
Of which: Field Support ****	3,246	2,386	2,386	1,270
Democracy	250	2,212	200	200
Of which: Field Support ****		2,000		
AIDS	200	350		350
Of which: Field Support ****		50		50
PL480:				
Title II				
Title III				
Other (HG, MSED, ECA) ***				
GRAND TOTAL	23,605	29,498	21,250	20,000

* The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

** Base is defined as operating bureau allocations based on the FY 1997 OMB request level. These allocations shall be ACSi code driven.

*** FYI: SEED= Support for Eastern European Democracy FSA= Freedom Support Act (NIS countries); IDA= International Disaster Assistance. HG = Housing Guaranty; MSED= Micro and Small Enterprise Development, ECA=Enhanced Credit Authority

**** Refers to all Field Support – both Global-obligated and Mission-obligated.

**Annex 2
Funding Scenarios by Objective***

(000)

OBJECTIVE	FY 1996**	FY 1997		FY1998
		Base***	Base - 20%	Base - 30%
SO1: Economic Growth				
Development Assistance/SEED/FSA****	100	500	600	600
Economic Support Funds				
PL480: Title II				
Title III				
International Disaster Assistance				
Other (HG,MSED,ECA)****				
SO2 Environment				
Development Assistance/SEED/FSA****	7,856	9,336	8,220	6,650
Economic Support Funds				
PL480: Title II				
Title III				
International Disaster Assistance				
Other (HG,MSED,ECA)****				
SO3 Population				
Development Assistance/SEED/FSA****	15,199	15,100	12,230	12,200
Economic Support Funds				
PL480: Title II				
Title III				
International Disaster Assistance				
Other (HG,MSED,ECA)****				
Special Objective - AIDS	200	400	400	400
Special Objective - Democracy	250	2,212	200	200
GRAND TOTAL	23,605	27,648	21,650	20,050

* Use all funding spigots, including DA, SEED, FSA, ESF, PL480, IDA, HG, MSED, and ECA.

** The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

*** Base is defined as operating bureau allocations based on the FY 1997 OMB request level.

**** Please disaggregate by funding category.

**Annex 3
GLOBAL FIELD SUPPORT**

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority *	Duration	Estimated Funding (\$000)							
				FY 1996**		FY 1997***				FY 1998****	
				Obligated by ****:		FY 1997 Base Obligated by ****:		FY 1997 Base - 20% Obligated by ****:		FY 1997 Base - 30% Obligated by ****:	
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit
SO1: Econ. Growth	523-0616 NAFTA-related institutional building and technical assistance	Med. - Phaseout	2 years		100		500		600		600
Special Obj.	Democracy - New Activities	High	8 years		250		2,000		212		200
GRAND TOTAL.....				20	---	30	---	20	---	40	---

* For Priorities use high, medium-high, medium, medium-low, low

** The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

*** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

**** If the funding source is unknown, show all the funding as Obligated by Global Bureau.

**Annex 3
GLOBAL FIELD SUPPORT**

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority *	Duration	Estimated Funding (\$000)									
				FY 1996**		FY 1997***				FY 1998***			
				Obligated by ****:		FY 1997 Base Obligated by ****:		FY 1997 Base - 20% Obligated by ****:		FY 1997 Base - 30% Obligated by ****:			
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit		
S.O.2: Environment	936-5743 Energy Efficiency Project	Medium-high											
	High Efficiency Motors and Motor Rewind	High											
	Combustion /Steam Efficiency/Thermal EE	High		100,000		45,000					0		
	Info Management and Exchange (GLEEN)	Low		265,000		250,000					0		
	DSM-IRP Core Support	High		170,000		32,000					0		
	High Efficiency Lighting (Illumex)	High		110,000		75,000					0		
	Regulatory Reform Process (CRE)	Medium		0		0					0		
	EPRi Software	Medium		50,000		50,000					0		
	National Energy Conservation Law	Medium		0		0					0		
	Energy Support Office (to reprogram in FY '96)	Low		10,000		0					0		
	Electric Vehicles	Low		200,000		0					0		
	Volatile Organic Compounds (Pemex)	Low		200,000		150,000					100,000		
	Energy Training Partnership	Low		200,000		0					0		
	Appliance and Building Standards (LBL)	Medium		0		0					0		
	940-1008-00 Housing and Urban Programs			73,000		0					0		
	Sustainable Cities-Monterrey (ICMA)	Low		40,000		10,000					0		
	936-5559-00 Environmental Pollution Prevention (EP3)										0		
	PP and EE Audits in Maquiladoras	High		26,000		0					0		
	936-5730 Renewable Energy Applications & Training (REAT)										0		
	Innovative Financing for RE (EEAF)	High		435,000		349,000					0		
	RE Project Development (ECRE)	Medium		180,000		250,000					20,000		
	936-5741 Energy Technology Innovation (ETIP)										0		
	Landfill Gas Utilization/Prados de la Montaña (Bechtel)	Medium		125,000		0					0		
	Manzanillo Power Station	High		285,000		200,000					0		
	936-5738 Private Sector Energy Development Program										0		
	Trans-border Power Wheel Study	High		177,000		75,000					50,000		
	936- ETP-Energy Training Program	Low		100,000		100,000					100,000		
	936- U.S. Country Studies Program: Support for Climate Change Studies, Office of Energy, Env. & Technology (G/ENV/EET)										0		
Global Climate Change Studies (UNAM)	High		0		400,000					500,000			
598-0762 The Nature Conservancy Parks in Peril	High		500,000		500,000					500,000			
598-0795-00 Neotropical Migratory Bird Conservation	Medium		100,000		100,000					100,000			
936-5518-00 Coastal Resources Management	High		200,000		200,000					200,000			
936-5554-00 Conservation of Biological Diversity (WWF/BSP)	High		200,000		200,000					200,000			
GRAND TOTAL				3,746,000		2,986,000				1,770,000			

* For Priorities use high, medium-high, medium, medium-low, low

** The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

*** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

**** If the funding source is unknown, show all the funding as Obligated by Global Bureau.

Annex 3

GLOBAL FIELD SUPPORT: SO No. 3 POPULATION - A

(USING PROGRAM BUDGET ASSUMPTIONS RECEIVED FROM LAC)

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority *	Duration	Estimated Funding (\$000)							
				FY 1996***		FY 1997***				FY 1998***	
				Obligated by *****:		FY 1997 Base Obligated by *****:		FY 1997 Base - 20% Obligated by *****:		FY 1997 Base-30% Obligated by *****:	
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit
S O 3 Sustainable increase in contraceptive prevalence	936-3024	POPTECH	Medium-high 2 years (1996-98)	150	---	50	---	150	---	150	---
	936-3030	INOPAL 3	Medium-high 6 years (1992-98)	750		750		650		650	
	936-3038	FPLM (JSI)	Medium-high 6 years (1992-98)	350		400		250		220	
	936-3044	CONRAD	Low 4 years (1992-98)	0		0		0		0	
	936-3046	PRB	Medium 6 years (1992-98)	20		20		15		15	
	936-3050	PopCouncil Program	Medium-low 6 years (1992-98)	100		100		50		50	
	936-3051	CSM II	Medium-high 6 years (1992-98)	800		800		700		700	
	936-3052	PCS	Medium-high 6 years (1992-98)	400		400		332		332	
	936-3055	FPMD	Medium-high 6 years (1992-98)	454		400		400		400	
	936-3056	PROFIT	Low 0 years	0		0		0		0	
	936-3057	CCP Contraceptives	High 6 years (1992-98)	0		0		0		0	
	936-3061	Georgetown	Medium-low 6 years (1992-98)	100		100		50		50	
	936-3062	Pathfinder	High 6 years (1992-98)	5,200		5,200		4,644		4,644	
	936-3065	IPPF/WHR	High 6 years (1992-98)	3,800		3,800		2,935		2,935	
	936-3068	AVSC	High 6 years (1992-98)	2,335		2,335		1,464		1,464	
	936-3072	PRIME	Medium 3 years (1995-98)	350		335		250		250	
	936-3073	FOCUS	Medium 2 years (1996-98)	40		60		40		40	
936-3079	FHI	Medium 6 years (1992-98)	250		250		200		200		
GRAND TOTAL.....				15,099	---	15,000	---	12,130	---	12,100	---

* For Priorities use high, medium-high, medium, medium-low, low
 ** For FY 1996, use operating unit budget allocations based on the FY 1996 Appropriations Act.
 In the case of PL480, use the Agriculture Appropriations Act.
 *** For FY 1997, use operating bureau allocations based on the FY 1997 OMB passback level.
 **** Base is defined as operating bureau allocations of the FY 1997 passback level.
 ***** If the funding source is unknown, show all the funding as Obligated by Global Bureau.

Annex 3

GLOBAL FIELD SUPPORT: SO No. 3 POPULATION - B

(USING TENTATIVE FY96 FIGURE FROM GLOBAL AND SUBSEQUENT ESTIMATED PLANNING FIGURES)

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority *	Duration	Estimated Funding (\$000)						
				FY 1996		FY 1997		FY 1998		
				Obligated by:		Obligated by:		Obligated by:		
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	
SO 3 Sustainable Increase in contraceptive prevalence	936-3024	POPTech	Medium-high	2 years (1996-98)	150	---	0	---	0	---
	936-3030	INOPAL 3	Medium-high	6 years (1992-98)	650		600		400	
	936-3038	FPLM (JSI)	Medium-high	6 years (1992-98)	214		250		250	
	936-3044	CONRAD	Low	4 years (1992-98)	0		0		0	
	936-3046	PRB	Medium	6 years (1992-98)	15		15		15	
	936-3050	PopCouncil Program	Medium-low	6 years (1992-98)	80		40		0	
	936-3051	CSM II	Medium-high	6 years (1992-98)	700		500		400	
	936-3052	PCS	Medium-high	6 years (1992-98)	332		250		200	
	936-3055	FPMD	Medium-high	6 years (1992-98)	400		300		200	
	936-3056	PROFIT	Low	0 years	0		0		0	
	936-3057	CCP Contraceptives	High	6 years (1992-98)	0		0		0	
	936-3061	Georgetown	Medium-low	6 years (1992-98)	50		50		50	
	936-3062	Pathfinder	High	6 years (1992-98)	4,540		4,000		3,800	
	936-3065	IPPF/AMHR	High	6 years (1992-98)	2,935		2,500		2,000	
	936-3068	AVSC	High	6 years (1992-98)	1,464		1,000		800	
	936-3072	PRIME	Medium	3 years (1995-98)	250		250		180	
	936-3073	FOCUS	Medium	2 years (1996-98)	40		50		50	
	936-3079	FHI	Medium	6 years (1992-98)	200		180		150	
	GRAND TOTAL.....					12,000	---	9,985	---	8,495

USAID/MEXICO'S 1996 ENVIRONMENTAL STRATEGY

AN R-4 PREVIEW

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draft of April 15, 1996

AN R-4 PREVIEW

THE ENVIRONMENTAL SITUATION IN MEXICO context of the usaid/mexico environmental program

Mexico is an advanced developing country and the only developing country that shares a land border with the United States. Environmental, economic, political, health, population, and other events occurring in one country immediately affect and invariably impact in the other. U. S. trade and technology flow steadily south to Mexico, our fourth-largest trading partner. Mexico is the most important destination for the sale of U. S. environmental and energy services and technology. The two countries recently signed the North American Free Trade agreement. Cross-border trade, investment, and economic integration will only increase and with those increases come the need for a level environmental playing field. The United States receives more than one-million Mexican immigrants every year. Mexican economic fluctuations -- which are linked to the health of the Mexican natural environment -- increase cross-border migratory pressures. The two countries share common ecosystems: along the land border; in the Gulf of Mexico, Sea of Cortez, and the Pacific Ocean; in the atmosphere; with migratory species; and unfortunately, with cross-border flows of pollutants. Truly, from bird migrations to electric power wheeling to atmospheric carbon flows to tourism to joint-implementation carbon offset agreements, what happens in Mexico also happens in the United States. The well-being and protection of Mexico's environment is of greater U. S. national interest than any other country in the world.

Cognizant of the importance of the environment within their social, political, and economic fabrics, Mexico and the United States are co-signatories to a variety of international treaties and conventions. These include the Convention on Trade in Endangered Species (CITES); the United Nations Framework Convention on Climate Change (FCCC); the Montreal protocols on ozone depletion; the Basel convention on hazardous wastes; the Biodiversity Convention (BDC); the La Paz accords on air, water, and hazardous waste issues along the border; the Global Environmental Facility (GEF); the North American Free Trade Agreement (NAFTA); and others. Under these agreements, the two countries assume significant responsibilities and obligations towards their environments. The Mexican Government has responded by creating a new ministry, the Secretariat for the Environment, Natural Resources, and Fisheries (SEMARNAP), evidence of the new weight given the environment by the public as well as the official Mexican establishment. In March, 1996, Ernesto Zedillo, the President of Mexico, unveiled a comprehensive national environmental protection plan, which mandates economic and industrial growth compatible with the sustainable use of Mexico's environment and natural resources. In its turn, the United States Congress, through USAID, has designated Mexico a key climate change

country because of the amount of greenhouse gasses emitted there and created a special facility for Mexican GCC actions. Under U. S. and international biodiversity initiatives, Mexico is recognized as the fourth most bio-diverse country in the world. At the same time, Mexico is losing up to 600,000 hectares per year of its forest cover and with it an unassessed amount of genetic resources.

Social, economic, and political policies in Mexico are rapidly changing, with important consequences for the environments of both countries. These policies include economic liberalization, the lowering of trade barriers, the elimination of subsidies, privatization, decentralization, and the fostering of democracy through participatory decision making and greater government transparency. Laws and even the Mexican Constitution are undergoing modification to reflect these changes. For example, the hallowed Article 27 of the Mexican constitution has been modified to permit the private sale of land titled in common under the ejidio system. While these policy changes are expected to produce benefits for the people of both countries over the medium- to longer-terms, they create short-term environmental threats. These include the growing recognition that some recently privatized state enterprises have been among the most severe polluters; the realization that decentralized state and local government bodies are not yet fully prepared to assume all of the financial and normative responsibilities devolved to them; and that uneven environmental norms and standards can constitute non-tariff trade barriers and may impede economic recovery and integration both within Mexico and between Mexico and the United States.

About one-third or 30 million of Mexico's 90 million citizens live in poverty. The North American Free Trade Agreement precipitated the December, 1994 devaluation of the Mexican Peso, which in turn has produced Mexico's worst recession in 60 years. High interest rates and credit scarcity have limited the Mexican economy's ability to create the 800,000 to one-million new jobs required annually to absorb the steady increase in new job market entrants. Aggregate unemployment is hovering around 10%, with the construction industry, a chief source of employment for Mexico's less-skilled laborers, hard-hit. The recession has made the problem of cross-border migration by persons seeking better economic opportunities much more acute, while the economic recovery is constrained by a degrading Mexican environment. The recession and the need for recovery have severely limited Mexico's ability to respond to environmental challenges, even by the private sector, and impelled record numbers of poor Mexicans to attempt illegal entry into the United States. At present, the Mexican public lacks confidence in government at all levels.

The history of environmental cooperation between the U. S. and Mexico began in the last century with the signing of the 1889 International Boundary and Water Commission Treaty and has continued actively since. Environmental cooperation between the U.

S. and Mexico is the largest and most comprehensive bilateral environmental effort that the United States has with any country in the world. With USAID, the Environmental Protection Agency, the Department of Energy, the U. S. Fish and Wildlife Service, the National Academy of Sciences, the U. S. Trade Development Agency, the Export-Import Bank, and some 25 other U. S. Agencies support environmental programs in Mexico. These links are evidence that a viable Mexican environment is a critical U. S. national interest, affecting global climate change and biodiversity, as well as trade, investment, growth, and population movements across our common land and sea borders. The rationale for an expanded USAID environmental program in Mexico has never been clearer.

FOCUS, RESULTS, AND THE USAID/MEXICO ENVIRONMENTAL PROGRAM

A full spectrum of urban, industrial, energy, biodiversity, water, forestry, and marine environmental issues exist in Mexico and are as serious as anywhere in the world. The national, bilateral, and multi-lateral response, while enormous, still pales in comparison to Mexico's needs and its capacity to respond, particularly in today's difficult economic and social circumstances.

The 1996-97 USAID/Mexico Action Plan focuses on global climate change and biodiversity results under a Strategic Objective of, "Environmentally sound natural resource and energy use increased." Global climate change (GCC) is divided into three sub-areas -- forestry, urban pollution prevention, and energy -- while biodiversity (BD) is divided into the sub-areas of marine and terrestrial. Forestry results focus on carbon sequestration but also deliver significant benefits in biodiversity protection. Energy and urban results focus on greenhouse gas emissions while also delivering benefits in pollution prevention and human health. Biodiversity protection focuses on the management of protected areas and their buffer zones and the strengthening of NGO capacities. The tight focus of the USAID/Mexico environmental program reflects the environmental situation in Mexico. It presents opportunities and reflects constraints particular to both countries.

USAID classifies Mexico as an advanced developing country (ADC), not a sustainable development country. This signifies that there is no bilateral agreement between USAID and the Government of Mexico, so that USAID/Mexico does not seek to develop the large bilateral projects found in lower-income developing countries. USAID/Mexico's 1996 planned annual expenditures in the environment total about \$5.0 million dollars and are funded from global and regional sources. By contrast, the planned environmental expenditures of the GOM and other major donors -- the World and InterAmerican Development Banks -- are measured in the billions of

dollars. For example, the GOM has just signed a 13.5 billion U. S. dollar multi-donor convention designed to improve Mexico City's air quality. The InterAmerican Development Bank (IADB) lends about \$1.5 billion annually to Mexico, with at least 25% of this focused on the urban, energy, and forestry sectors. Other U. S. federal agencies, such as the EPA and DOE, have Mexican programs as large or larger than USAID's planned 1996 program. USAID is not the largest U. S. agency operating environmental programs in Mexico. Budget realities over the foreseeable future signal that large infrastructure projects and leveraged policy reform actions will be the arenas of others.

Mexico's status as an ADC, the lack of a bilateral agreement, the smaller size of USAID's environmental actions in Mexico, and the need for the Mexico program to reflect the global and regional (rather than strictly bilateral) concerns of USAID also present unique opportunities. USAID's mandate is overseas development assistance and it brings decades of experience to bear. USAID is more agile than other major donors and freer to work in the for-profit, business, and NGO sectors. While others fund large infrastructure, USAID can focus on public-private partnerships that innovate and transfer technology on a for-profit pilot basis. While others leverage policy and legal reforms, USAID can anticipate the negative or problematic environmental consequences of reforms and test pilot solutions to problems before they occur. USAID can foster democratic pluralism by strengthening private Mexican groups who will act to shape the political landscape over a longer-term. USAID can train and catalyze to create successful solutions and demonstration models that can then be replicated on a wider scale and serve as Mexican development models.

The challenge for USAID/Mexico is to consolidate a role in environmental management that furthers the bilateral interests of both countries, lives within operable constraints, pro-actively anticipates opportunities, innovates, demonstrates, informs, and catalyzes. USAID/Mexico environmental actions should:

- * Respond to Congressional directives, USAID strategies and policies, and commitments by both countries under international conventions;
- * Generate direct and obvious cross-border benefits for both countries, including increased economic trade and integration;
- * Reflect GOM priorities, as developed in the environment and energy chapters of the national development plan and the 1996 National Environment Plan; support GOM policy initiatives that affect the environment;
- * Reflect the special capabilities of USAID as a donor organization: Catalyze, develop non-governmental organizations; and work with the private sector;

- * Respond to targets of opportunity by leveraging resources, innovating, filling program gaps, or pointing the way for actions by larger (GOM or other donor) organizations;
- * Be within the manageable interest of USAID/Mexico, by minimizing requirements for staff time and requiring management expertise that is already in place or can be developed quickly;
- * Be cost-effective, in that USAID can expend a small amount of resources and get a big impact on its results indicators;
- * Generate multiple impacts, that is, multiple intermediate results under SO No. 2 as well as cross-linked intermediate results under other SO's (broad-based economic growth, health, population, and democracy).

SECTION II.
WHERE MIGHT THE STRATEGY COME OUT?

The USAID/Mexico environmental program is driven by the Mexican environmental situation described in Section I as well as USAID strategies, policies, and programs. USAID is in a greater state of flux than at any time in recent history. By contrast, the Mexican situation is more stable.

USAID's strategic approach should reflect the diversity of U. S. interests in the Mexican environment as described in Section I and reflected in the large number of U. S. institutions who operate or seek to operate environmental programs in Mexico.

A strategic framework for the USAID/Mexico program in the environment that reflects the Mexican environmental situation, the dynamic state of flux in USAID, and the great diversity of U. S. interests might include three strategic program areas, each with sub-sectors.

Strategic Area 1: Global Climate Change

This strategic area would include the complete GCC results framework elements of mitigation, vulnerability, and adaptation. It would include the following sub-sectors:

- Energy Focus on efficient, clean, and renewable energy.
 Focus on sector reforms.
 Opportunistic response to Mexican initiatives,
 particularly in technology transfer or
 institutional reform.
 (refer to sub-section II.A, below)
- Urban Focus on capacity building for environmental
 services delivery.
 Focus on capacity building for NGO's to act on
 brown urban issues.
 Build partnerships for pollution prevention in
 urban areas.
 (refer to sub-section II.B, below)
- Forestry Maintain carbon sinks in southern Mexico.
 Improve forest conservation incentives and the
 abilities of communities, ejidos, and other NGO's
 to manage forests (in southern Mexico).
 (refer to sub-section II.C, below)

Strategic Area 2: Biological Diversity

This strategic area would include the biodiversity results framework elements of public awareness, decision maker understanding, policy strengthening, participatory planning and decision making, improved management of globally significant sites, and sustained financing.

In protecting Mexican biodiversity, USAID has a unique target of opportunity: Explicit focus on Mexican ecoregions of highest conservation priority¹. To a large degree, GOM, other donors, and USAID/Mexico now focus biodiversity protection programs on tropical areas in southern Mexico. Relatively little attention is given to critical biodiversity issues in coastal zones, arid, and semi-arid areas in central and northern Mexico.

An explicit focus on Mexico's highest conservation priority regions offers USAID/Mexico a unique role. It allows USAID to concentrate on actions it performs better than the GOM and the other large donors. It separates USAID from yet complements the Mexico Nature Conservation Fund, while increasing the program results of both. Such a focus would include the following sub-sectors:

Forestry Preserve biodiversity in tropical dry broadleaf forests, tropical and subtropical coniferous forests (including pine-oak forests), and desert and xeric scrublands.
Improve forest conservation incentives and the abilities of communities, ejidos, and other NGO's to manage forests (in central and northern Mexico).
(refer to sub-section II.C, below)

Coastal zones Preserve threatened mangrove forests (as a part of integrated coastal zone management programs).
Focus on fisheries management to preserve species variety and link it with nearby integrated coastal resource management.
(refer to sub-section II.D, below)

Other zones Preserve biodiversity in flooded grasslands and mediterranean scrublands.
(refer to sub-sections II.C, D, and E, below)

In general, biodiversity actions would use in situ approaches, focus on globally important natural habitats, improve incentives for and the ability of communities and NGO's to manage their

¹. Eric Dinerstein et. al, 1995, "Una Evaluacion del Estado de Conservacion de las Ecoregiones Terrestres de America Latina y el Caribe," The World Wildlife Fund and The World Bank, Washington, D. C.

natural resources, and promote the increased understanding of biodiversity (refer to sub-section III.E, below).

Strategic Area 3: Strategic Support for Key Actions in the Mexican Environment that Are Closely Related to the U. S. National Interest

Strategic targets of opportunity are regularly presented to the Office of the USIAD Mexico Representative. Key actions arising outside of GCC and biodiversity frameworks might include:

- Trade, investment, economic integration, and NAFTA;
- The management of urban environmental problems;
- Environmental technology transfer;
- Integrated coastal zone management;
- Opportunities for USAID to intervene directly along the border;
- Opportunities to further strengthen the Mexico Nature Conservation Fund;
- Energy, urban, forestry, and biodiversity actions that fall outside of Strategic Areas 1 and 2, above.

Often, proposed actions are clearly areas where USAID should be engaged. However, these opportunities always stretch and sometimes exceed the Mission's manageable interest, and typically arise between R4 (action plan) submissions.

Given the dynamic state of flux in USAID and the great diversity of interests among U. S. institutions operating environmental programs in Mexico, USAID/Mexico's environmental strategy should allow the flexibility to take on these targets of opportunity. However, to operate programs that strategically support key U. S. national interests, the office of the USAID Mexico Representative would itself require added staff and financial resources. This must be the primary requirement to operate in this third strategic area.

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Core elements of this strategy can be managed with existing USAID staff based in Mexico. Other elements will require extended staff. Core elements can be executed with the same, or even reduced, funding (from FY95-96 levels), but other elements will require sources of funding that were not included in the FY96-97 USAID budget. So, the final strategy will prioritize actions, indicate what can be done with current or reduced resources, and indicate priority opportunities should extended resources become available.

Afterword

A strategic framework grouping USAID/Mexico's environmental actions under GCC and biodiversity has guided USAID/Mexico environmental actions since the late 1980's. However, given the dynamic state of flux within USAID, this same framework may not interface well with USAID/G and USAID/LAC strategies, policies, and priorities beyond this fiscal year. There is an alternative approach, which involves taking the sub-sectors as the framework, and using GCC and biodiversity preservation as filters. This strategic approach will be explored as the strategy document is prepared.

A. Energy Programs

STRATEGY: Continue an opportunistic and integrated sectoral approach that focuses on efficient, clean, and renewable energy, and encourages sector reform (energy pricing, clear rules for the sale of private power, institutional reforms). USAID actions must demonstrate awareness of and respect for Mexican sensitivities in the energy sector.

RESPOND TO PRIORITY NEEDS AND CONSTRAINTS:

Financing -- Rapid demand growth requires major capital investments that Mexico cannot presently finance. Promote joint implementation and ESCOs as possible new sources of financing. Connect sources of development financing to energy projects.

Private power -- Promote sector reforms that encourage private sector investments.

Efficiency -- Many parts of the Mexican energy sector are inefficient, in that excessive amounts of energy are consumed to generate a given amount of power. Demonstrate actions that target highly inefficient energy uses and demonstrate great energy savings.

PRIORITY FILTERS: In addition to the priority criteria listed on page 5, USAID energy actions should:

Reduce the greenhouse gas impact of economic recovery and growth by promoting clean, efficient, and renewable energy.

Contribute to fulfillment of commitments by both countries in the Framework Convention on Climate Change.

Respond to GOM priorities and respect Mexican sensitivities: Does a contemplated action spring from a Mexican initiative?

Increase financing options for environmentally-sound supply and use of energy.

Respond to institutional deficiencies in the Mexican energy sector and build capacity.

ILLUSTRATIVE ACTIONS FOR USAID/MEXICO

Promote joint implementation at the local, national and international levels: find, promote, or fund niche applications.

If feasible, promote the emergence of an ESCO industry in

Mexico.

Identify and promote a few highly targeted, specific, economically-sustainable applications of renewable or clean energy generation (pilots) or use.

Offer technical assistance and training as appropriate to promote sector reform and private power opportunities. Highly applied impact and policy case studies.

Demonstrate, inform, advertise, and promote successful results of joint implementation, ESCO's, and pilot actions.

B. Urban Programs

STRATEGY: Focus on capacity-building as follows: Build the capacity of cities -- especially small and medium-sized cities -- to better plan, manage and deliver their urban environmental services, and including management across municipal boundaries. Build the capacity of NGO's to act on brown environmental issues. Build partnerships between industry, NGOs, academia, and the public sector to carry out pollution prevention in urban areas -- especially small to medium-sized cities.

RESPOND TO PRIORITY NEEDS AND CONSTRAINTS:

Small- and medium-sized municipalities lack the capacity to meet their new responsibilities for environmental management and services (solid waste and hazardous waste, air quality) under the GOM's decentralization policy. Specific areas in which municipalities could benefit from technical assistance include: environmental planning; cross-jurisdictional problem-resolution; preparing and qualifying for financing; evaluating environmental technologies; and better using environmental information.

Mexico lacks [brown] NGO's with the tools to address "brown", or urban environmental and pollution problems. Those tools include the ability to collect and disseminate environmental information; the formation of appropriate environmental norms ; and the design of successful and innovative (low-cost, for-profit, public-private) approaches to better manage solid waste and air quality.

Public-private partnerships for pollution prevention are hampered by an uncertainty. This uncertainty includes industries being unaware of existing or

upcoming environmental laws or policies; it includes legal and financial disincentives to voluntary compliance programs. Ultimately, this uncertainty severely limits sources of financing for investment in pollution prevention.

PRIORITY FILTERS: In addition to the priority criteria listed on page 5, USAID actions in the urban environment should:

Impact whenever possible on environmental problems in more than one sector, including coastal zones management, and renewable and more efficient energy, in addition to the urban environment

Be replicable, sustainable, and have a clear exit strategy

Have clear cross-border impacts: Benefit tourism, generate employment in either country, create U. S. exports and trade, mitigate cross-border pollution

Mitigate greenhouse gas emissions. USAID's comparative advantage is to concentrate on non-vehicular and non-industrial gasses that originate in the urban service sector and from the urban sale and distribution of LP and other gasses, or on the gasses and emissions that result from the burning or uncontrolled decomposition of solid wastes.

ILLUSTRATIVE ACTIONS FOR USAID/MEXICO

Help targeted small- and medium-sized municipalities to form solid waste or air quality management plans.

Build NGO capacity in "brown" issues.

Sponsor partnerships in urban pollution prevention which can act as models for how NGOs, academia, government and industry can work together on these issues. Focus efforts in priority cities, in priority regions, or on priority media that will satisfy multiple U.S. and Mexican goals.

Case studies, seminars, round-tables, technology information and transfer programs, information systems and dissemination, publicity, pilot actions related to municipal planning, NGO strengthening, and public-private partnerships.

C. Forest Management Programs

STRATEGY: Work in key geographic areas for biodiversity protection that are now less served by the GOM and other donors: upland tropical, temperate, semi-arid, and coastal-zone forests. Improve the incentives for forest conservation and the ability of communities, ejidos, and other NGO's to manage forests. As a lesser emphasis, continue to maintain carbon sinks in densely-forested areas.

RESPOND TO PRIORITY NEEDS AND CONSTRAINTS:

Forest stewards -- the largely poor Mexicans who own, live in and around, and use forests -- lack incentives to maintain forests as a land use (insecure tenure, limited technical knowledge in forest management, undervaluation of non-timber forest products, lack of markets for environmental services, low wood prices).

An inappropriate policy and legal framework and some Mexican policies concerning decentralization and economic liberalization: the individual titling of formerly communal forest lands; subsidies favoring agriculture and cattle; and market liberalization (these policies undervalue forests or encourage the conversion of forested lands).

The limited capabilities of Mexican federal, state, and municipal governments to manage forests and protected forested areas (decentralization).

PRIORITY FILTERS: in addition to the priority criteria listed on page 5, USAID actions in forest management should:

Concentrate on forests that are global biodiversity priorities

Facilitate wildlife migration across the U. S - Mexican border

Directly benefit less-privileged socio-economic groups who depend on forests for their livelihoods and explicitly link conservation and development goals

Sequester carbon; provide obvious cross-border GCC benefits

Emphasize the multiple values of forests, including species preservation, non-timber products, water and watershed benefits, tourism, and timber products

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ILLUSTRATIVE ACTIONS FOR USAID/MEXICO

Strengthen Mexican NGO's and private sector organizations working in sustainable forest management and biodiversity conservation

Provide technical support to eijido and other community associations for integrated multiple-product forest management.

Pilot and demonstration projects that create incentives for communities to conserve forests and/or contribute to the management of protected areas

Investigate certified forest management in Mexico as an approach to sustainable forestry.

Pilot and laboratory projects, studies, and public fora that quantify the harm from inappropriate policies and laws and demonstrate the benefits and successes from innovative policy reform (i.e. incentive systems, multiple uses, the valuation of environmental services)

D. Programs in Coastal and Marine Resource Management and Biodiversity Conservation

STRATEGY: Develop a comprehensive coastal resource management and biodiversity conservation program that integrates coastal ecosystems with marine and terrestrial resource development. Build on the existing strengths of USAID/Mexico; initial focus should be directed toward coastal regions where USAID already has a presence and a capable operating partner (lower Gulf of California and the Yucatan Peninsula).

RESPOND TO PRIORITY NEEDS AND CONSTRAINTS:

Coastal resource management and biodiversity conservation have historically been non-issues in Mexico. Until recently, coastal management has consisted of large development projects for discrete, economically important industries such as fisheries, mega-tourism, and oil.

Fisheries management focuses on a few commercially important species without considering the roles of coastal ecosystems and species variety in maintaining healthy fisheries.

A historical lack of attention to sustainable,

environmentally-oriented coastal development projects by other donors.

NAFTA and the subsequent focus on the U. S. - Mexican border is drawing attention and resources away from other, equally pressing environmental concerns, in particular, coastal ecosystems.

PRIORITY FILTERS-- In addition to the priority criteria listed on page 5, USAID actions in coastal and marine resource management and biodiversity conservation should:

Avoid approaches that concentrate on discrete, economically powerful coastal development projects. Where possible, work with federal and state authorities to further an integrated ecosystems management approach.

Link the economic benefits from environmentally sustainable coastal use to local communities as well as to U.S. - Mexican trade.

Involve private-sector participation where possible.

Focus on coastal areas vulnerable or at risk to socio-economic pressures.

Consider the Mexico Nature Conservation Fund as separate from USAID/Mexico's coastal and marine resource management and biodiversity conservation programs. USAID should develop or expand its own coastal and marine programs, which may complement the Fund but will be separate from it.

Avoid regions of high donor activity, specifically the U.S./Mexico border, to direct USAID's scarce resources in the most effective manner.

ILLUSTRATIVE ACTIONS FOR USAID/MEXICO:

Continue to support coastal activities under CRMII and the Gulf of California Programs as good starts toward integrated coastal resource management, subject to evaluation of project activities and performance.

Support the generation and use of information systems by Mexican organizations. Focus on social science data because this is the area of greatest need, but include biological, industrial, and other technical information.

Look for emerging issues that threaten coastal

ecosystems and lack sustainability. Two such issues are shrimp farming and land-based sources of marine pollution.

Advocate the development of environmental and cultural tourism as an alternative to the mega-tourism development of the Cancun style. This type of tourism should be designed to retain significant economic and social benefits in the benefitted communities by their economic and social integration with it.

Explore economic alternatives to environmentally destructive artisanal fishing, e.g., aquaculture.

E. Terrestrial Biodiversity Conservation Programs

STRATEGY: Use in situ approaches to conserve globally important natural habitats, particularly those in and around protected areas (where possible). Improve incentives for habitat conservation and the ability of communities and NGOs to manage their natural resources in ways that conserve biodiversity. Promote increased understanding of biodiversity.

RESPOND TO PRIORITY NEEDS AND CONSTRAINTS:

The national system of protected areas (SINAP) is too small and unrepresentative to conserve Mexico's biodiversity.

The public sector does not have the financial, technical, or managerial capacity to effectively manage its system of protected areas, very few of which have budget allocations. Environmental NGO's and community groups are not strong enough to fill the public sector void.

Land stewards -- the largely poor Mexicans who own, live in and around, and use Mexico's critical natural habitats -- lack incentives to preserve these critical and high priority habitats and protected areas (insecure tenure, lack of technical knowledge in land management, wrong market signals).

An inadequate and inappropriate policy and legal framework. Tradition, privatization, decentralization, and policies favoring agriculture threaten protected areas (for example, subsidies, land conversion to validate land tenure claims).

PRIORITY FILTERS: in addition to the priority criteria listed on

page 5, USAID actions in terrestrial biodiversity conservation should:

Employ in situ approaches that conserve areas that are high priorities for biodiversity conservation.

Respond to GOM priorities, specifically, biodiversity conservation through protected area management and activities that promote more sustainable rural uses of natural areas.

Develop alternatives for land uses which threaten key biodiversity areas and incentives for rural landowners to conserve critical natural habitats.

Where appropriate, carefully link development activities to encourage more sustainable land uses with the conservation of high priority habitats and protected areas.

Build upon Mexican capacity in the field.

Conserve wildlife species that migrate across the U. S. - Mexican border.

Contribute directly to the fulfillment of commitments by both countries under the FCCC, BDC, CITES, and other international conventions.

ILLUSTRATIVE ACTIONS FOR USAID/MEXICO

Strengthen Mexican NGO's and universities directly involved in conservation --through training in administration, fund-raising, technical aspects of conservation and development -- and facilitate collaboration between NGO's.

Strengthen the management of critical and high priority protected areas: park management, boundary demarcation, fund-raising, etc.

Develop innovative incentives for habitat conservation, such as ecotourism, cost recovery, agricultural extension in buffer zones, fees for environmental services (such as water), and microenterprises that encourage the sustainable use of natural products.

Promote democratization through conservation, especially by promoting local participation in natural resource management.

Support the conservation of species -- such as birds,

butterflies, and whales -- that migrate between the U. S. and Mexico.

Support the dissemination of information (on Mexico's biodiversity, the laws that affect natural habitats, and improved land uses that conserve biodiversity, etc.).

Where GOM policies impede conservation, support policy studies and pilot actions to determine their impacts and propose solutions.

**ANNEX. THE USAID PROGRAM IN THE ENVIRONMENT
IN RELATION TO THE PROGRAMS OF OTHER DONORS**

**(note: the following 26 pages of tables have not changed since
April 3)**

SECTION V

SPECIAL ISSUES

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ACTION OFFICE(S): ILASP
INFO OFFICE(S): AAG AAID AALA ES FABS GAFS GC ICIS IRMO
LADP LAEM LASA LBEG LENV LRSD NB MBBS POP
PPSP SDB STAG TDA

INFO LOG-00 ARA-01 TEDE-00 /001R

DRAFTED BY: AID/LAC/SPM:KANDERSON:KLA:MEIDAEC.CAB
APPROVED BY: AID/AA/LAC:MSCHNEIDER
AID/LAC/DPB:DCHIRIBOGA (DRAFT) AID/LAC/SPM:CSCHOUX (DRAFT)
AID/LAC/SAM:WTATE (DRAFT) AID/LAC/DAA:NPARKER
AID/LAC/SPM:ERUPPRECHT AID/LAC/RSD:WHILSESTUEN (DRAFT)
AID/LAC/DPB:RNEEHAN (DRAFT) STATE/ARA/MEX:JWAGNER (DRAFT)
AID/GC/LAC:SALLEN (DRAFT)
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TAGS:

SUBJECT: FY 96-97 ACTION PLAN FOR MEXICO

1. THE FY 1996-1997 ACTION PLAN FOR USAID/MEXICO WAS
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REVIEWED ON APRIL 13, 1995. THE DAEC WAS CHAIRED BY
AA/LAC MARK SCHNEIDER. THE ACTION PLAN WAS PRESENTED BY
THE USAID REPRESENTATIVE FOR MEXICO, ART DANART, AND
USAID/MEXICO ENVIRONMENTAL ADVISER FRANK ZADROGA. THE
ACTION PLAN WAS APPROVED BY THE BUREAU, SUBJECT TO THE
GUIDANCE PROVIDED BELOW.

2. STRATEGIC APPROACH: THE USAID REPRESENTATIVE
ADVOCATED A MODIFIED PROGRAM STRUCTURE TO RESPOND MORE
EFFECTIVELY TO THE PRESENT ECONOMIC CRISIS AND ONGOING
CHANGES IN MEXICO. SUCH AN ARRANGEMENT WOULD RETAIN A
STRUCTURED PROGRAM OF STRATEGIC OBJECTIVES IN THE AREAS OF
ENVIRONMENT AND POPULATION, WHILE ALLOWING THE MISSION
FLEXIBILITY TO CREATE SMALL-SCALE TARGETS OF OPPORTUNITY
IN THE AREAS OF DEMOCRACY AND ECONOMIC GROWTH. THIS
APPROACH WOULD SIGNIFY A PARTIAL RETURN TO THE LAC
BUREAU'S ADVANCED DEVELOPING COUNTRY APPROACH OF PAST
YEARS, WHICH PERMITTED MORE DEVELOPED COUNTRY MISSIONS TO
RESPOND TO CRITICAL ISSUES WITH SMALL-SCALE, CATALYTIC

INTERVENTIONS. THE AA/LAC CONSIDERED THAT SUCH AN
APPROACH COULD BE APPROPRIATE IN DEALING WITH MEXICO'S
CURRENT ECONOMIC CRISIS AND NEEDS FOR SUPPORT IN
DEMOCRACY. THE BUREAU OFFERED TO PREPARE A DRAFT PROPOSAL
FOR THE A/AID REGARDING POSSIBLE RESPONSES TO THESE NEEDS,
AND TO PROVIDE A TEAM TO ASSIST USAID/MEXICO IN
IDENTIFYING FUTURE ACTIVITIES. THE DAEC UNDERLINED THAT
SUCH A FLEXIBLE APPROACH SHOULD GIVE A CLEAR IDEA OF THE
RESULTS THAT ARE EXPECTED FROM EACH ACTIVITY TO BE
FINANCED. CRITERIA SHOULD BE DEVELOPED FOR SELECTION OF
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ACTIVITIES, INCLUDING POTENTIAL FOR SIGNIFICANT IMPACT IN

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CERTAIN SPECIFIC AREAS, PRINCIPALLY ADVANCING DEMOCRACY AND ADDRESSING EQUITY ISSUES RELATED TO THE ECONOMIC CRISIS.

3. RE-ENGINEERING: AN ISSUE WAS RAISED REGARDING HOW THE CONCEPTS OF RE-ENGINEERING APPLY TO MORE DEVELOPED COUNTRY (MDC) MISSIONS SUCH AS MEXICO. USAID/MEXICO ARGUED THAT ITS LIMITED STAFFING WOULD NOT PERMIT INTENSIVE CONSULTATION WITH A TEAM ON EACH ACTIVITY. THE AA/LAC SUGGESTED THAT USAID/MEXICO EXPLORE ALL POSSIBLE ALTERNATIVES, E.G., USE OF PERSONNEL FROM OUTSIDE THE MISSION ON TEAMS, AND INTERACTIVE TECHNOLOGY.

4. STRATEGY AND MANAGEMENT OF ENVIRONMENTAL PROGRAM: AN ISSUE WAS RAISED REGARDING WHETHER USAID/MEXICO'S ENVIRONMENTAL PROGRAM IS TOO BROAD-RANGING AND FRAGMENTED. USAID/MEXICO'S ENVIRONMENTAL OBJECTIVE IS SUPPORTED BY VARIOUS ACTIVITIES IN FORESTRY, ENERGY AND BIODIVERSITY. THERE WAS CONCERN THAT USAID/MEXICO LACKED SUFFICIENT CAPACITY TO MANAGE SUCH A BROAD PORTFOLIO EFFECTIVELY. THE MISSION RESPONDED THAT THE NUMBER OF ACTIVITIES WILL BE REDUCED OVER THE NEXT YEAR OR TWO, AND THAT THE ADDITION OF A NEW PDO POSITION AND TWO AAAS FELLOWS WILL HELP THE MISSION IMPROVE ITS PROJECT SUPERVISION AND MONITORING. IT WAS ALSO OBSERVED THAT THE BROAD SCOPE OF ACTIVITIES IS DUE IN PART TO THE NECESSITY OF ABSORBING EARMARKS IN AREAS SUCH AS GLOBAL CLIMATE CHANGE AND THE MEXICO NATURE CONSERVATION FUND.

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5. NEW ACTIVITY DESCRIPTION: THE DAEC REVIEWED A NEW ACTIVITY DESCRIPTION FOR THE MEXICO GLOBAL CLIMATE CHANGE (GCC) PROJECT (523-0784), PROPOSED LOP DOLS 50 MILLION, FY 96-2005. THE MAD CALLS FOR A CONTINUATION OF THE CURRENT LAC REGIONAL GCC PROJECT. THE AA/LAC STATED THAT A MORE DETAILED MAD WOULD BE NEEDED FOR REVIEW IN USAID/W BEFORE APPROVAL OF THIS ACTIVITY. THE REVISED MAD SHOULD CLEARLY OUTLINE THE RESULTS EXPECTED FROM SUCH A LONG-TERM UNDERTAKING, AND THE LINKAGE BETWEEN THIS ACTIVITY AND THE STRATEGIC OBJECTIVE WHICH IT SUPPORTS. IN ADDITION,

FUNDING MAY BE AN ISSUE. WHILE GCC FUNDS HAVE BEEN EARMARKED IN THE PAST, THEY ARE NOT EARMARKED IN FY 1996 GIVEN THE DECLINE IN BUREAU FUNDS, THERE IS NO CERTAINTY THAT FUNDS FOR GCC ACTIVITIES WILL CONTINUE TO BE AVAILABLE IN THE ABSENCE OF AN EARMARK. IT IS UNLIKELY THAT FUNDS GREATER THAN DOLS 4 MILLION PER YEAR WILL BE AVAILABLE FOR THIS ACTIVITY. IT WAS AGREED THAT THE LAC AND GLOBAL BUREAUS WILL ENDEAVOR TO PROVIDE THE MISSION WITH ASSISTANCE IN PREPARATION OF THE MAD. THE MAD SHOULD BE PREPARED IN ACCORDANCE WITH THE GUIDANCE PROVIDED IN THE INTERIM DIRECTIVE ON PROJECT DEVELOPMENT, AND SUBMITTED BEFORE AUGUST 31.

6. CITIZEN PARTICIPATION: A CONCERN WAS RAISED REGARDING HOW THE MISSION PROGRAM CAN INCREASE CITIZEN PARTICIPATION. USAID/MEXICO REPORTED SUBSTANTIAL INVOLVEMENT OF PVOS AND NGOS AND PROMOTION OF CIVIC PARTICIPATION UNDER ACTIVITIES OF STRATEGIC OBJECTIVES NO.

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2 AND NO. 3. THE MISSION IS ALSO LOOKING FOR WAYS TO INCREASE CITIZEN PARTICIPATION BY WORKING WITH ORGANIZATIONS THAT HAVE NOT BEEN REACHED BEFORE (SUCH AS THE TEACHERS' UNION, AND A WOMEN'S NGO SEEKING TO FORM A MEXICAN VERSION OF THE LEAGUE OF WOMEN VOTERS) AND WITH ALIANZA CIVICA. AN AREA THAT MAY REQUIRE FURTHER EFFORT, HOWEVER, IS ENCOURAGING THE NGOS THEMSELVES TO PROMOTE GREATER PARTICIPATION BY THEIR CLIENTS. THE AA/LAC URGED THE MISSION TO SEEK OPPORTUNITIES FOR CROSS-FERTILIZATION AMONG MEXICAN NGOS AND OTHER NGOS IN THE REGION SUCH AS PARTICIPA, PODER CIUDADANO, AND TRANSPARENCIA.

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7. ACTIVITIES OUTSIDE STRATEGIC FRAMEWORK: A CONCERN WAS RAISED REGARDING THE NEED TO ENSURE THAT USAID/W-FUNDED EFFORTS IN MEXICO CLEARLY SUPPORT THE MISSION'S STRATEGIC OBJECTIVES. ATTENDEES AT THE DARC REAFFIRMED THAT IT IS AGENCY POLICY THAT ALL USAID-FINANCED ACTIVITIES IN A COUNTRY MUST SUPPORT THE MISSION'S STRATEGIC FRAMEWORK, WITH THE POSSIBLE EXCEPTION OF A LIMITED NUMBER OF TARGETS OF OPPORTUNITY AS SPECIFIED IN THE GUIDANCE "SETTING AND MONITORING PROGRAM STRATEGIES", MAY 27, 1994.

8. TRAINING: THE AA/LAC ASKED FOR INFORMATION REGARDING THE IMPACT OF USAID/MEXICO TRAINING ACTIVITIES, E.G., HOW MANY CURRENT GOM MINISTERS AND DEPUTY MINISTERS WERE TRAINED BY USAID. SUBSEQUENT TO THE REVIEW, IT WAS ASCERTAINED THAT LAC/RSD/EHR HAS THIS INFORMATION.

9. URBAN AND INDUSTRIAL POLLUTION PROJECT: THE DARC DISCUSSED FUNDING FOR USAID/MEXICO'S PROPOSAL TO THE ENVIRONMENTAL INITIATIVE FOR THE AMERICAS FOR AN URBAN AND UNCLASSIFIED

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INDUSTRIAL POLLUTION PROJECT. THE AA/LAC ADVOCATED

EXPLORING AVENUES FOR FUNDING THIS ACTIVITY, INCLUDING THE EIA AND THE HEMISPHERIC FREE TRADE 2005 PROJECT.

10. REPORTING ON STRATEGIC OBJECTIVES: THERE WAS CONCERN REGARDING THE LACK-OF BASELINE LEVELS, TARGETS, AND ACTUAL DATA FOR USAID/MEXICO'S STRATEGIC OBJECTIVE INDICATORS THIS ISSUE WAS STRONGLY STRESSED IN LAST YEAR'S ACTION PLAN REVIEW, WITH THE MISSION CHARGED WITH PROVIDING ACTUAL PERFORMANCE DATA BY JULY 1994. THE MISSION HAS MADE PROGRESS SINCE THEN IN REFINING ITS STRATEGIC OBJECTIVES AND REPORTING ON THEM. HOWEVER, BASELINE LEVELS AND ACTUAL DATA ARE STILL MISSING FOR A NUMBER OF INDICATORS FOR STRATEGIC OBJECTIVE NO. 2, THE ENVIRONMENT OBJECTIVE. THE MISSION WAS CHARGED WITH DEVELOPING A CONCRETE PLAN FOR GATHERING DATA FOR THIS STRATEGIC OBJECTIVE. THE MISSION PLANS TO SECURE THE SERVICES OF TWO AAAS FELLOWS TO ASSIST IN MONITORING AND EVALUATION OF ITS ENVIRONMENTAL ACTIVITIES, AND TO CONTRACT A LOCAL INSTITUTION TO HELP WITH PROJECT REVIEW AND SUPERVISION.

IN A SIDE MEETING, IT WAS AGREED THAT USAID/MEXICO WILL SUBMIT A REVISED VERSION OF ITS INDICATORS FOR STRATEGIC OBJECTIVE NO. 3, THE POPULATION OBJECTIVE, WITHIN 90 DAYS FOLLOWING TRANSMISSION OF THE ACTION PLAN REPORTING CABLE. THIS REVISED VERSION WILL INCLUDE:

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-- SO 3, INDICATOR 1, WILL BE CHANGED TO "PERCENT OF MARRIED WOMEN OF REPRODUCTIVE AGE."

-- PO 3.1, INDICATORS 1 AND 2, WILL REFERENCE THE UNIVERSE OF SERVICE DELIVERY POINTS AND SHOW THE PERCENTAGE IN WHICH FAMILY PLANNING SERVICES ARE AVAILABLE (TO BE INCLUDED IN NEXT YEAR'S ACTION PLAN).

-- PO 3.1, INDICATOR 4, G/PHN/P/PE WILL WORK WITH THE MISSION TO SELECT A QUALITY INDICATOR SUCH AS MEAN DURATION OF MODERN CONTRACEPTIVE USE. BASELINE AND TARGET VALUES WILL BE INCLUDED IN NEXT YEAR'S ACTION PLAN.

-- PO 3.3, INDICATOR 1, WILL BE REPORTED IN NOMINAL AND REAL PESOS AND REAL DOLLARS. THE COMMENTS SECTION FOR THIS INDICATOR WILL EXPLAIN THE MISSION'S PROGRESS OR LACK OF SAME.

-- PO 3.3, INDICATOR 2, THE COMMENTS SECTION WILL EXPLAIN DECLINE IN FEMAP TARGETS IN 1995 AND SUBSEQUENT INCREASE

IN 1996.

-- PO 3.3, INDICATOR 3, THE COMMENTS SECTION WILL EXPLAIN INCREASES IN NGO DEPENDENCE ON USAID FUNDING.

11. REPORTING ON PEOPLE-LEVEL IMPACT: ISSUES REGARDING LACK OF REPORTING ON PEOPLE-LEVEL IMPACT, AND PARTICULARLY UNCLASSIFIED

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IMPACT BY GENDER, WERE RAISED IN THE PERFORMANCE REVIEW MEETING. SIMILAR ISSUES WERE RAISED IN LAST YEAR'S ACTION PLAN REVIEW. USAID/MEXICO OBSERVED THAT FORMULATING OBJECTIVES WITHIN ITS MANAGEABLE INTEREST WITH LIMITED RESOURCES TENDS TO PRECLUDE ACHIEVEMENT OF BROAD PEOPLE-LEVEL IMPACTS. HOWEVER, THE MISSION EXPRESSED WILLINGNESS TO ADDRESS THE ISSUE, AND REQUESTED ASSISTANCE FROM USAID/W IN DOING SO.

12. IMPACT ON INDIGENOUS POPULATIONS: THE AA/LAC ASKED ABOUT IMPACTS OF THE MISSION PROGRAM ON MEXICO'S INDIGENOUS POPULATION. MISSION REPRESENTATIVES REPORTED THAT THE ENVIRONMENT AND POPULATION PROGRAMS ARE FOCUSED ON POOR, RURAL STATES WHICH HAVE LARGE INDIGENOUS POPULATIONS. THE MISSION IS ALSO FUNDING A MICROENTERPRISE PROGRAM IN THE STATE OF CHIAPAS.

13. PHASE-OUT OF THE MEXICO PROGRAM: AN ISSUE WAS RAISED REGARDING HOW LONG USAID ASSISTANCE WILL BE REQUIRED IN MEXICO. THE MISSION REPORTED THAT THE POPULATION PROGRAM IS CURRENTLY SCHEDULED FOR PHASE-OUT IN 1997, AND NAFTA SUPPORT ACTIVITIES ARE WINDING DOWN IN THE NEXT YEAR OR TWO. HOWEVER, ENVIRONMENTAL ACTIVITIES ARE EXPECTED TO CONTINUE FOR SOME TIME, AS THE MISSION IS JUST NOW LAUNCHING THE MEXICO CONSERVATION FUND, WHICH CALLS FOR 10-YEAR OVERSIGHT BY USAID. THERE IS ALSO AN OPEN ISSUE CONCERNING POSSIBLE ADDITIONAL ACTIVITIES TO RESPOND TO THE ECONOMIC CRISIS AND NEEDS IN THE AREA OF DEMOCRACY. THUS, THE QUESTION OF PROGRAM PHASE-OUT IS IN ABEYANCE FOR THE FORESEEABLE FUTURE.

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14. PARTICIPATION BY PVOS AND NGOS IN STRATEGIC PLANNING: THE USAID REP REPORTED THAT PVOS AND NGOS HAVE BEEN ACTIVELY INVOLVED IN THE STRATEGIC PLANNING PROCESS FOR POPULATION ACTIVITIES, INCLUDING FORMULATION OF THE POPULATION STRATEGIC OBJECTIVE AND INDICATORS.

15. FUTURE OF S.O. NO. 1: MOST OF THE TARGETS FOR STRENGTHENING NAFTA-RELATED LEGAL AND REGULATORY FRAMEWORKS UNDER S.O. NO. 1 HAVE BEEN MET, AND THE MISSION EXPECTS THAT CURRENT ACTIVITIES SUPPORTING THIS OBJECTIVE WILL END SOON. SUBSEQUENTLY, THE MISSION WOULD LIKE TO SHIFT ITS EMPHASIS IN THE AREA OF ECONOMIC GROWTH TOWARD AN EXPANSION OF CURRENT ACTIVITIES IN MICROENTERPRISE DEVELOPMENT. LACKING AN INCREASE IN FUNDING, HOWEVER, THE MISSION AGREES THAT ITS ACTIVITIES IN THIS AREA WOULD

CONSTITUTE A TARGET OF OPPORTUNITY RATHER THAN A FULL STRATEGIC OBJECTIVE.

16. MANAGEMENT OF POPULATION PROGRAM: AN ISSUE WAS RAISED REGARDING USAID/MEXICO'S CAPACITY TO CONTINUE MANAGING ITS LARGE, COMPLEX POPULATION PORTFOLIO WITH ONE USPSC. PARTICULAR CONCERN WAS EXPRESSED ABOUT THE NEED FOR AN INDIVIDUAL WITH THE EXPERIENCE AND SENIORITY NECESSARY TO NEGOTIATE WITH GOM OFFICIALS, TO ENSURE THAT DURING THE UPCOMING PROGRAM PHASE-OUT, GOM OFFICIALS IN THE CENTRAL AND STATE GOVERNMENTS ARE WELL PREPARED TO

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SUSTAIN EFFECTIVE FAMILY PLANNING PROGRAMS. IT WAS
DECIDED THAT USAID/MEXICO AND GLOBAL/PHN WILL EXPLORE THE
AVAILABILITY OF A GLOBAL/PHN SENIOR POPULATION FELLOW FOR
ASSIGNMENT TO MEXICO.

17. SECOND USDH FTE FOR MEXICO: WHILE USAID HAS APPROVED
A SECOND USDH FTE FOR MEXICO, THERE HAVE BEEN DELAYS IN
SECURING US EMBASSY APPROVAL FOR THIS POSITION. LAC/RMS
IS NOW PROCESSING THE NECESSARY PAPERWORK FOR MSDD-38
APPROVAL.

18. OFFICE MOVE: AN ISSUE WAS RAISED REGARDING WHETHER
USAID/MEXICO HAS SUFFICIENT RESOURCES TO COMPLETE ITS
OFFICE MOVE WITHIN THE EMBASSY. THE USAID REP REPORTED
THAT RESOURCES ARE AVAILABLE, AND THAT THE MISSION WILL
MOVE DURING THE TWO WEEKS FOLLOWING THE ACTION PLAN
REVIEW, FIRST TO A TEMPORARY SPACE AND THEN TO ITS NEW
PERMANENT OFFICES.

19. SEPARATION OF FUNCTIONS: AN ISSUE WAS RAISED
REGARDING WHETHER THE MISSION HAD MADE PROGRESS IN
RESOLVING THE SEPARATION OF DUTIES BETWEEN FISCAL AND
ADMINISTRATIVE FUNCTIONS IN OFFICE OPERATIONS. THE USAID
REP REPORTED THAT THIS ISSUE WILL BE RESOLVED BY THE
PRESENCE OF A SECOND USDH FTE WITH FULL SIGNING AUTHORITY.

20. TARGETING OF POPULATION ACTIVITIES: AN ISSUE WAS
RAISED REGARDING WHETHER BOTH WOMEN AND MEN ARE TARGETED
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AND INVOLVED IN THE MISSION'S FAMILY PLANNING ACTIVITIES.
THE MISSION REPORTED THAT BOTH WOMEN AND MEN ARE
CONSIDERED, AND THAT THE MISSION-FUNDED VASECTOMY PROGRAM
IS RAPIDLY INCREASING.

21. HIV/AIDS OCCURRENCE IN FEMALES: A POINT OF
CLARIFICATION WAS RAISED REGARDING DATA ON HIV/AIDS
OCCURRENCE IN THE FEMALE POPULATION. THE USAID/REP
OBSERVED THAT THE MISSION, ACCORDING TO BUREAU
INSTRUCTIONS, IS INVOLVED IN VERY LIMITED AIDS ACTIVITIES,
WHICH DO NOT INCLUDE TRACKING THESE DATA.

22. PROGRAM BUDGET: THE DA BUDGET LEVEL FOR USAID/MEXICO
IN FY 95 IS DOLS 40.783 MILLION, INCLUDING DOLS 19.5
MILLION FOR THE CONSERVATION ENDOWMENT. THERE MAY ALSO BE
ADDITIONAL FUNDS FROM THE ENVIRONMENT FOR THE AMERICAS
INITIATIVE IN FY 95. THE DA BUDGET LEVEL FOR FY 96 IS
DOLS 22.02 MILLION.
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